PEOPLE OF SERVICE

A Brief History of the Manitoba Telephone System

91-07045/

LOGO HISTORY

Over the years MTS has seen many changes in company symbols as well as in products and services. As MTS expanded, logos have reflected the time in which they were introduced.

1908 - 1921

1921 - 1931

1931 - 1940

1940 - 1960

1960 - 1963

1964 - 1990

Used along with blue and gold colors

Although not officially adopted these symbols were also used.

On Vehicles and Newsletters
1921 - 1960's

Vehicles only
1955 - 1965

This modern design introduced January 15, 1990, is featured with tones of blue and grey.

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A brief History of the Manitoba Telephone System

Established in 1908, the Manitoba Telephone System is a provincially-owned Crown Corporation which has been providing high quality service and products to all Manitobans for over 80 years.

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OUR COVER design reflects a view of the past and the future. From turn-of-the-century line expansion to today's modern computerized facilities, all MTS employees over the years have shared in a long and significant part in shaping Manitoba's history.

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ELEVEN CHAIRMEN FROM 1908-1990

The first Commissioner was F. C. Paterson, who headed the System in its early stages from 1908 to 1912.

Heading the System from 1912 to 1921, including the difficult period of the First World War, was G. A. Watson.

J. E. Lowry held the position for the longest term from 1921-1945 and guided the organization during the Second World War.

In 1945, Peter Millar took over until 1954 and saw the System through extensive post-war growth and the major 1950 flood.

James F. Mills became the fifth commissioner, a position he held for 20 years from 1954-1974. He saw the completion of the Trans-Canada microwave system across Canada as well as vast telephone growth in the Northern part of the Province. In 1962, the title changed from Commissioner to Chairman and General Manager of a newly-formed Board.

Gordon W. Holland was appointed to the position in May, 1974. Mr. Holland, was a former Secretary of the Management Committee of Cabinet of the Government of Manitoba.

In September, 1980, Premier Sterling Lyon named W. John A. Bulman as the System's Board Chairman. Mr. Bulman, President of the Bulman Group in Winnipeg, became the seventh MTS Board Chairman; Gordon Holland retained the position of General Manager.

In December, 1981, Saul A. Miller, a former Provincial Cabinet Minister, became MTS Chairman. He retired in May, 1985.

Jean W. Edmonds, who was Associate Deputy Minister for the Canadian Government's Department of Industrial Expansion, was appointed by Premier Howard Pawley as the System's ninth Chairperson effective July 12, 1985.

Paul G. Thomas, a professor at the University of Manitoba, became Chairman following his appointment in August, 1987.

Tom Stefanson became the eleventh Chairman of MTS following his appointment on August 18, 1989, by The Honourable Glen Findlay.

Top to Bottom
F. C. Paterson (1908 to 1912)
G. A. Watson (1912 to 1921)
J. E. Lowry (1921 to 1945)
P. Millar (1945 to 1954)
J. F. Mills (1954 to 1974)
G. W. Holland (1974 to 1980)
W. J. A. Bulman (1980 to 1981)
S. A. Miller (1981 to 1985)
J. W. Edmonds (1985 to 1987)
P. G .Thomas (1987 to 1989)
T. E. Stefanson (1989-)

Background photo: MGT work crew in Austin, Manitoba in 1916.

ONE/THE DAWNING

On March 7, 1876, Alexander Graham Bell received a patent for his "new fangled toy"—the telephone. Within a remarkably short space of time, two of the telephones showed up in the lusty, brawling frontier town of Winnipeg, home of 250 patrons of the saloons and stores that were its major business.

Bell's father owned the Canadian rights to the telephone and immediately appointed agents who would lease the new talking instruments. The manager of the Northwest Telegraph Company in Winnipeg, Horace McDougall, became the agent in 1877 for the empty wilderness that was Western Canada. He ordered two telephones to experiment with and the Manitoba Free Press noted their arrival with this story in its edition of November 23, 1877:

> *"The telephone has been introduced into Winnipeg. Mr. H. McDougall, telegraph agent, has two of the instruments attached to the wire connecting the telegraph office with his residence —one telephone in his office and the other in his home."*

McDougall's instruments cost $60 a year to lease, worked only in pairs, and had no method of signalling the person at the other end of the line, except perhaps by shouting or pounding on the receiver with a blunt instrument.

On February 21, 1881, McDougall sold his telephone interest to the Bell Telephone Company of Canada but remained as the company's agent for a year before starting a new career with the railroad, whereupon he dropped out of telephone history. Behind him he left 26 subscribers in the 13,928 square miles of the postage stamp province of Manitoba.

The Bell Company brought progress. To connect the 26 phones to each other, an exchange point and building had to be introduced so a switchboard was sent west by train and Red River cart, arriving in Winnipeg in 1881. It was installed in the top floor of a building in order that the telephone wires could more easily be strung from roof to roof. (Telephone poles were not in widespread use at the time.) The Bell Company paid a right-of-way to the rooftop owners.

The exchange was operated during business hours only and was manned by a strong-lunged boy who insisted on opening the windows so that customers could hear him through the air if not over the wires.

This habit of hiring young men as operators was a carry-over from the telegraph tradition but the result proved different. While the boys became popular with young women subscribers who would spend an entire evening on the lines with them, the boys sometimes became impatient with other customers. The common and inevitable phrase that resulted from these arguments was the boys yelling at the customers to "come out and fight like a man."

Such a situation could not continue. In 1882, a young woman named Ida Cates was hired and became the first female telephone operator in Manitoba. Through her, customers got "a voice with a smile" and prompt connections to other subscribers, as well as advice and counsel, news and recipes and other assorted bits of information of interest to local citizens. She became such a success that by 1892 the last male had left the switchboard.

Men, however, still performed the construction work, which by now had switched from rooftops to poles. The province's territory was increased to 73,732 square miles in 1881 and settlers poured in from all over Europe in the Canadian West's first great land rush. In 1887, Manitoba's first long distance line linked the 22 mile stretch between Winnipeg and Selkirk. Bell introduced service into Brandon and Portage la Prairie in 1882 and to other rural areas shortly afterward.

Background photo: Winnipeg's Main Exchange Building in 1895. Today, 166 Portage Avenue East. **Bottom centre:** The "voice with a smile" operator, Ida Cates, hired in 1882.

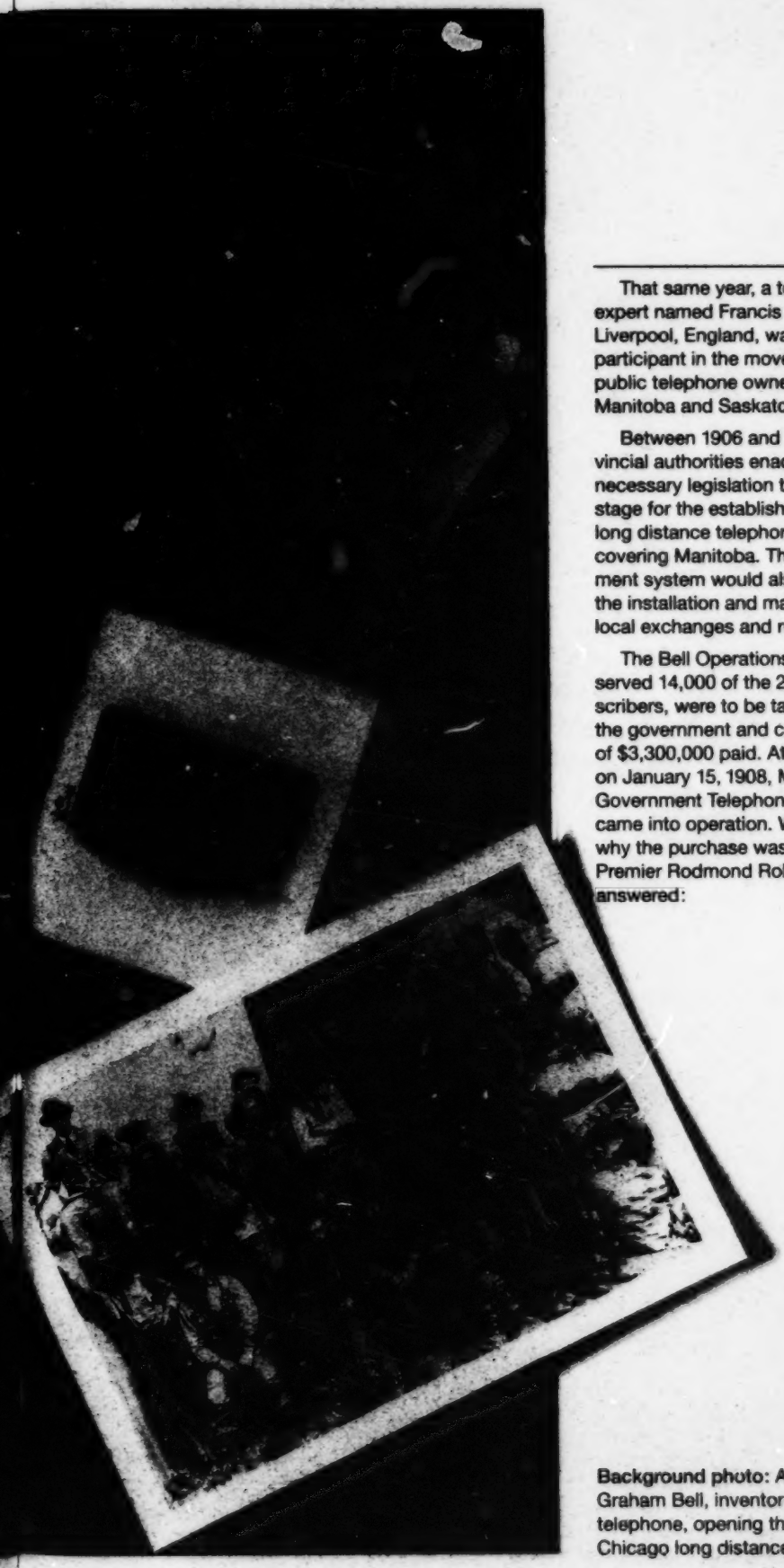
In 1893, chaos struck. The Canadian Bell patent expired. Almost instantly, hundreds of companies offering telephone service sprang into existence. Customers already with service found they needed as many phones as there were companies.

Competition was ruthless. Linesmen from opposition companies knocked down each other's lines and cut down the poles. Service to rural areas was neglected due to high costs and low returns. Pressure grew strong by the turn of the century for government ownership of the telephone system.

Still, Bell was expanding. By 1900, some 235 miles of long distance lines tied Winnipeg to Portage la Prairie, Brandon, Carman, Neepawa and Carberry.

Bell's competitors sought entry to the Winnipeg market and, in 1905, the Manitoba Grain Growers Association led the fight against this and for government ownership. Competition and duplication of service were proving inefficient and extremely costly.

The government denied further applications for incorporation of telephone companies in February, 1905, but not before dozens of the companies already existed throughout the province.



That same year, a telephone expert named Francis Dagger from Liverpool, England, was an active participant in the movement for public telephone ownership in both Manitoba and Saskatchewan.

Between 1906 and 1908, provincial authorities enacted the necessary legislation to set the stage for the establishment of a long distance telephone system covering Manitoba. The government system would also assume the installation and management of local exchanges and rural lines.

The Bell Operations, which served 14,000 of the 25,000 subscribers, were to be taken over by the government and compensation of $3,300,000 paid. At 12:01 a.m. on January 15, 1908, Manitoba Government Telephones officially came into operation. When asked why the purchase was made, Premier Rodmond Roblin answered:

"We purchased the Bell system for the purpose of avoiding the necessity of having a dual telephone system in the province, and in that way preventing the waste of several million dollars of capital as well as the extra cost to the telephone users. I believe, also, that it is a good commercial proposition and whatever profit there is in the operation of the telephone system from this time on will belong to the people of Manitoba rather than to a private company. I am also proud of the fact that we have been able to secure for the people of Manitoba the first complete system of government-owned telephones on the continent of North America, and I am sure, from the information that has been secured, that the result, as years go by, will prove more and more beneficial to the people."

Bell was gone from Manitoba, but its 700 employees remained with the new telephone system. This friendly parting was characteristic of the telephone family, and on August 2, 1922, their unity was expressed in a common way by every telephone company in North America. Alexander Graham Bell died on that day, at the age of 75, and telephone employees from the Arctic to Mexico observed one minute's silence in a tribute to a most memorable man.

Background photo: Alexander Graham Bell, inventor of the telephone, opening the New York - Chicago long distance line in 1892.

Centre right: This box telephone, introduced in 1877, featured a round camera-like opening which served as a transmitter and receiver making constant mouth-to-ear shifting necessary to carry on a conversation.

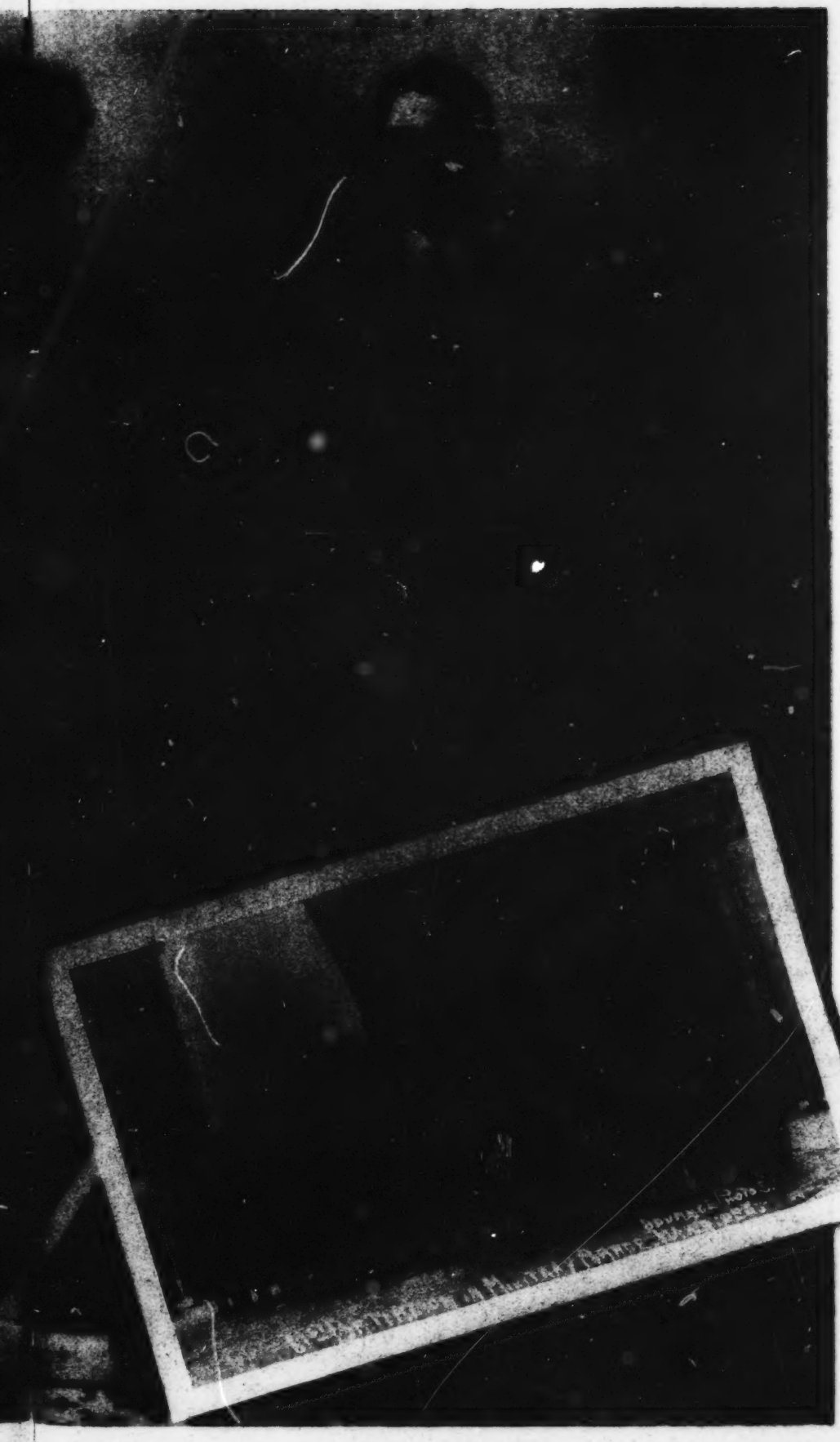
Bottom right: A Dauphin area work crew in 1908.

TWO/A FUSE IGNITED

The people of Manitoba now owned a telephone system with 14,000 subscribers, 700 employees and assets of $3,300,000. Called Manitoba Government Telephones (MGT), it was operated at that time as a government department instead of the independent corporation it is today. Its stated purpose, then as now, was to extend the best possible communications service to the whole of Manitoba at the lowest possible cost.

The task began. For four years, until 1912, construction crews and linemen covered southern Manitoba, linking towns and cities, installing the most modern equipment that could be bought, and bringing the benefits of telephone communication to the people. Subscriber stations increased from 14,000 to 40,000 in those few years as thousands of settlers participated in Canada's greatest wave of immigration. All the remaining private and municipal telephone systems were tied into government lines. Long distance calling became practical for most larger Manitoban centres. Directories, first issued in 1882 by Bell, were copyrighted in 1911 by MGT. Yellow Pages were introduced, and brought in a hefty $130 in advertising revenue their first year. People saw the advantages of such rapid expansion, but a price had to be paid for it. And it was, MGT lost money every year.

By 1912, the continual drain on the treasury had forced MGT to apply for "measured rate" service. This meant that customers paid for each call—like the use of today's



pay telephone—an idea that aroused massive protest throughout Manitoba. The government appointed a Royal commission to examine the problem.

MGT was re-organized as a result, and the principle adopted at that time continues to serve today as its guideline for telephone charges. This principle was best stated in the 1921 Annual Report:

> *"...increases must at times be necessary to take care of increased costs, and it should also be realized that the System is obligated to some extent to extend the value of its service even at a loss, to points that have no other means of direct communication, as telephone service is one of the greatest factors in the development of the province. This, of course, being beneficial to all, should be spread as equitably as possible over the balance of the System."*

A Public Utilities Commission was set up to regulate rate changes and serve as a non-political regulatory body between MGT and the government.

The task looked infinite, for 1912 was also the year that Manitoba became its current size, increasing the province from 73,732 to 251,832 square miles. Manitoba now ran from the Arctic waters of Hudson Bay to the United States border.

Background photo: MGT's Main Exchange women's hockey team: Winners of the 1912 Provincial Championships.

Top left: Winnipeg's only General Strike, May and June, 1919.

Bottom right: 61st Battalion marching at corner of Portage and Main, November, 1915 during World War I.

Still, the new rate policy proved difficult to implement, MGT was still expanding, and expanding rapidly. By 1914, total plant value had tripled to almost $10,000,000. Five exchanges had been built in Winnipeg. Linemen plodded through the winter countryside on snowshoes and horseback to keep the rural lines operating. The Brandon office, which burned to the ground July 24, 1913, was back in service the next day after diligent and exhausting work by construction men. Service was the keynote.

And, at a time when the Suffragettes and other feminist movements were most active, the use of anything but women operators on the switchboards would have been an absurdity. To the telephone companies at least, women had proven themselves.

But what was happening in Europe was to have an even larger effect upon women's rights: The Great War. The shortage of manpower found women performing many jobs once exclusively male, a condition recognized when Manitoba became the first province in Canada to give women the vote in March, 1916.

From August 4, 1914, until November 11, 1918, a generation was killed on distant battlefields, with profound effects not only upon future world history, but upon organizations seemingly as remote from the fray as Manitoba Government Telephones.

Costs of material and labor rose drastically. Even MGT's annual financial report was printed on a low quality brown paper. There were shortages in cable and equipment of all kinds, and worst of all, many of MGT's most experienced men went overseas. Of 167 telephone employees who went on active service, 10 were killed. One of those killed—and 15 others—won decorations. And, while all were serving their country, MGT was caring for dependants with cash loans and grants.

The total magnitude of the war involvement can perhaps best be judged by the statistics: at war's end, MGT employed 1,225 employees, (355 males and 870 females), and almost half of the male workforce, 167 men, had gone to Europe.

Still, despite all the problems, service remained at a high level. But, the value of plant and the number of customers increased only slightly and MGT continued to lose money.

One major telephone advance was recorded: the installation of automatic telephones in Brandon in late 1917, the first in the province to become dial operated.

When the guns fell silent in 1918, people somehow felt the world would soon become a peaceful and prosperous utopia. Yet the next year was MGT's most trying time.

Ten MGT men had died in four years of war, but, in just a few weeks four died from the rampages of the 1918-19 influenza epidemic, the same one that forced the first and only cancellation of the Stanley Cup play-offs in hockey history.

All but 20 of those telephone men who survived the war rejoined MGT, which helped to solve the perennial skilled labor shortage. Then, as MGT prepared for further expansion, disaster struck. The Winnipeg General Strike of 1919 broke out; the only general strike in Canadian history.

MGT, like almost every unionized company, found itself struck during May and June. It was a sympathy strike since wage

adjustments had already been satisfactorily settled and agreements signed prior to the walkout.

MGT had been unionized prior to the War by the International Brotherhood of Electrical Workers, who first represented Plant craftsmen. During the War, operators as well, became part of this union and were covered by the agreement in 1917.

The strike received almost 100 per cent support from telephone craftsmen and women in Winnipeg, but management and volunteers succeeded in maintaining essential services. Two provincial exchanges, in Transcona and Dauphin, were closed for 30 days although the strike's effect in rural areas was spotty.

Inflation, perhaps one of the causes for the strike, was as hard on MGT as it was on Manitobans. Operators, for instance, received a 1919 wage increase of 16 per cent. Materials were prohibitively expensive.

Two construction months had been lost during the strike. When linemen and cablemen finally returned to work, it was barely October before severe storms curtailed further construction.

As 1919 ended, MGT, buffeted by forces mostly beyond its control, once again lost money.

Background photo: An everyday sight in 1907—a construction crew with pole trailer.

Bottom centre: Winnipeg work crews digging conduit ditches in 1911.

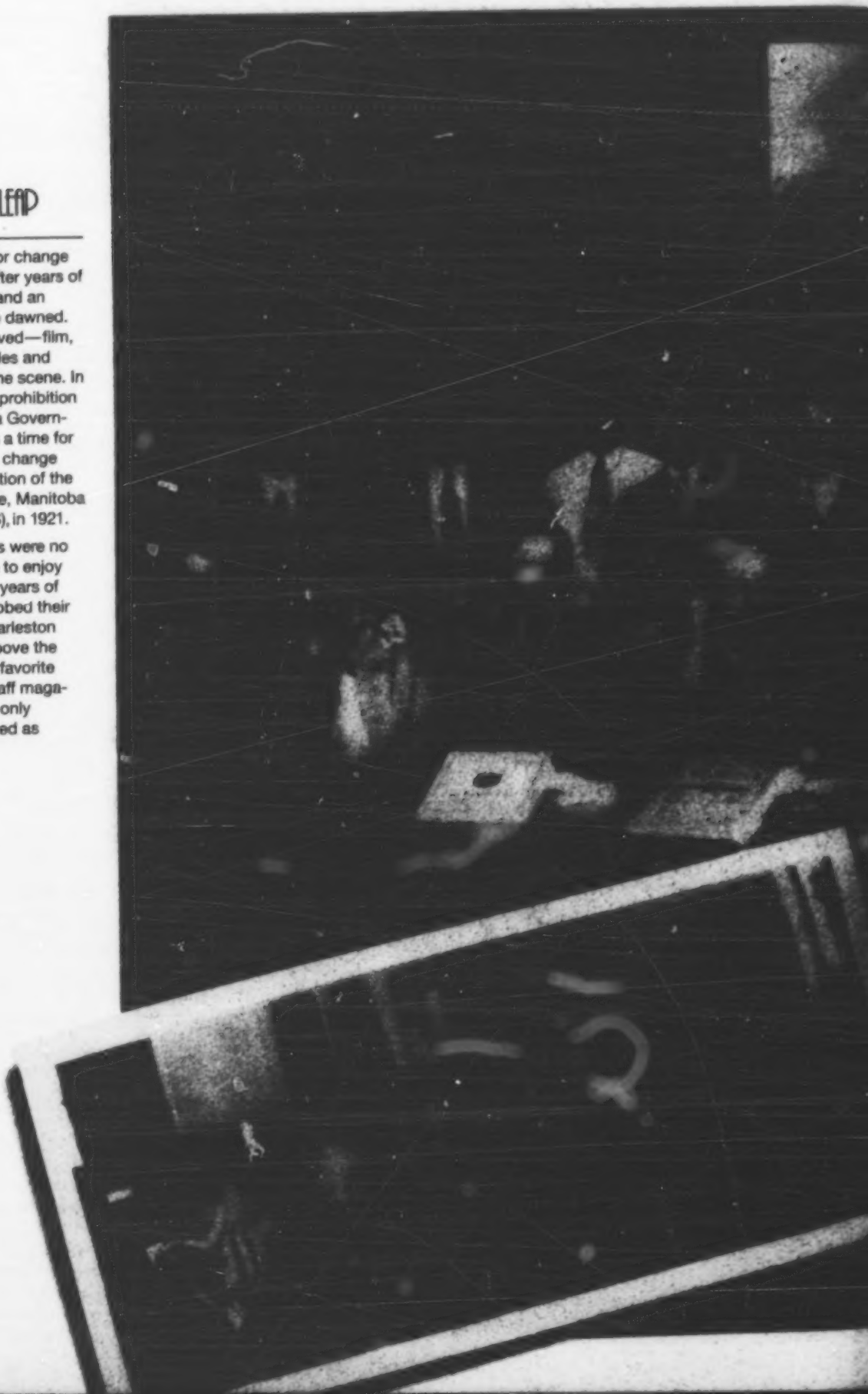
Top centre: An MGT work crew installing telephone lines on Logan Ave. in Winnipeg in 1911.

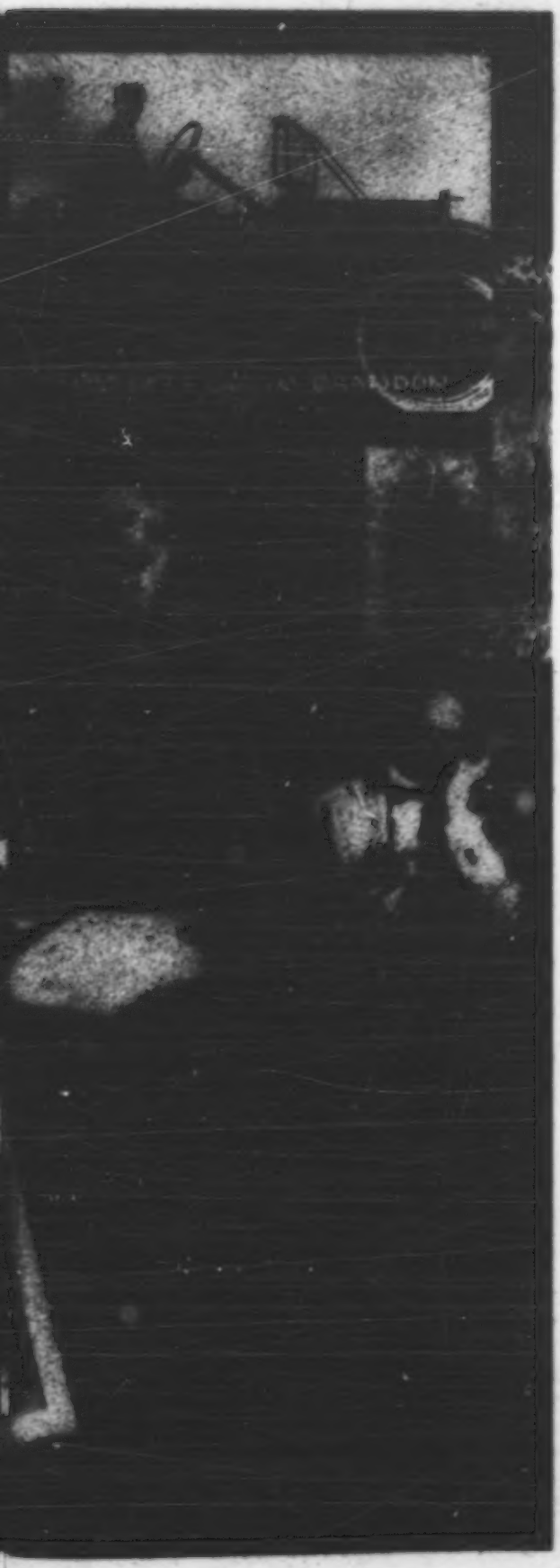
Top right: A North American first—automatic telephone equipment in Brandon. Allowed Winnipeg telephone operators to dial to Brandon direct using toll lines.

THREE/ONE SMALL LEAP

The Twenties saw a major change in telephone fortunes. After years of war, shortages, a strike and an epidemic, a new decade dawned. The time for fun had arrived—film, phonographs, automobiles and airplanes appeared on the scene. In Manitoba, there was no prohibition after 1923. For Manitoba Government Telephones, it was a time for growth and success—a change symbolized by the adoption of the company's present name, Manitoba Telephone System (MTS), in 1921.

Telephone employees were no exception in their desire to enjoy material pleasures after years of deprivation. Women bobbed their hair and danced the Charleston while their skirts rose above the knee. Love lives were a favorite topic of gossip in the staff magazine in the period when only unmarried women worked as telephone operators.





That cantankerous, unreliable and summer-only vehicle, the automobile, was the delight of the era. Henry Ford had brought its cost within reach of the ordinary man…so what if it couldn't be driven until the mud roads hardened or that the 1921 speed limit specified eight miles per hour...or, as one wit put it, "A telephone pole never hit a car except in self-defence." MTS, which had purchased its first motor-driven vehicle in 1910, was operating 96 cars and 24 trucks by 1929.

In 1920, changes were made in union representation of MTS employees. The IBEW continued to represent Plant employees, along with the newly-formed Manitoba Federation of Telephone Workers who also negotiated a separate agreement for operators. A third organization, the Manitoba Telephone Association, covered almost all other non-management staff.

Employees formed social organizations. Curling, rugby cricket, golf, baseball, hockey, football, bowling and shooting all had devotees and teams, many of which competed in local leagues. In August, 1924, several female employees formed the women's only "TT" club. Their motto, "We can and we will," was always lived up to as the members raised money for needy families, visited the sick in hospitals and remembered those less fortunate at Christmas every year for nearly three decades. It wasn't until May, 1973, some twenty years after the club had officially disbanded, that the name, "Toiling Tillies" was revealed.

It was a time when people thrilled to change, when new leisure time, mass production methods and the application of older inventions made rapid alterations to peoples' lives.

The System fit this pattern perfectly, while paradoxically, no longer engaging in the uncontrolled money-losing expansion of its earlier years. From 1920-1929, the number of phones increased one-third to 76,000 while the value of plant doubled to $20,000,000.

Background photo: Inauguration of TransCanada Telephone System in 1932.

Bottom left: Telephone operators in Winnipeg, mid-1920's.

Top right: First Company car in Brandon, mid-1920's.

It had been a steady, healthy growth. A Winnipeg newspaper editorial of June 6, 1929, put it this way:

> *"Much of this rural telephone business is unprofitable. In a narrow sense it has to be regarded as a losing game. But it means much to the comfort, convenience, prosperity and general happiness of Manitoba farmers…yet the System still retains a rate structure that invites no criticism in the towns or cities."*

In fact, the $900,000 deficit acquired prior to 1921 was eliminated by 1929. And, while there were 29 other telephone companies in the province in 1922, the largest one had only 450 customers.

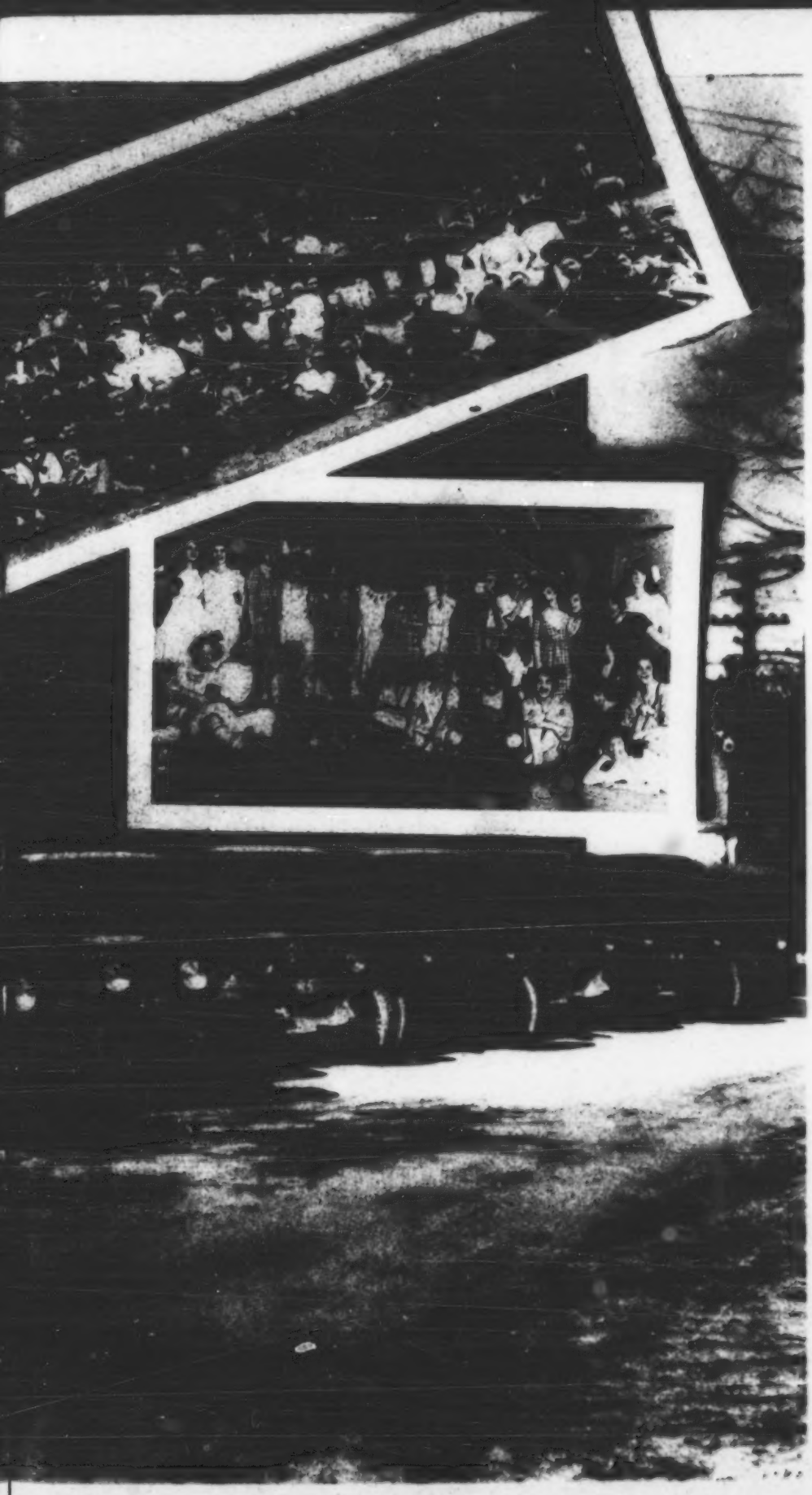
Changes weren't ignored or sacrificed. Labor shortages of the war had forced the development of better, more automated equipment and MTS was quick to obtain it to provide even better service. By 1926, for example, Winnipeg had the distinction of being the first Canadian city to have complete dial telephone service. One employee received a patent for his work in improving a piece of telephone equipment in 1929. It was this spirit that motivated engineers through the growing Twenties.

Manitoba had 610,000 people in 1921 and Winnipeg was Canada's third largest city—the Chicago of the West—with more than 179,000 people. Winnipeg police wore English bobby-style helmets and the streetcar carried most employees to work in the bustling capital. At home, people listened to Radio CKY, an experimental radio station opened by MTS in 1923.

The station broadcast concerts and dance orchestras and for a while was Manitoba's only radio station. In 1928, a second radio station was opened by MTS, radio CKX in Brandon.

Long distance operations expanded. In 1922, most Manitobans could call as far west as Edmonton and as far east as Thunder Bay. To reach further east or west in Canada, operators used lines in the United States. In 1928, the northern Ontario link was added to the all-Canadian telephone route and calls could go east to Saint John, New Brunswick and even overseas.

Yet, with all the advances in technology and size, the backbone of MTS, then and always, was its people. In this decade of growth, three facets of the job stood out clearly in retrospect: safety, service and hard work. Linemen, central officemen, clerks, operators and cablemen continually struggled against the cruel whimsies of nature with her floods, cyclones, ice and snow.



If power failed, hand generators were often the only way that rural operators could keep their exchanges operating.

If a line went down, it often meant a two-day trip on snowshoes to repair it. If an ice storm uprooted thousands of poles and dumped thousands of miles of wire—as happened Halloween night in 1929—men and horses would work long hours in bitter cold and knee-deep drifts to restore service. Costs of these emergencies ran as high as $250,000. Snowmobiles, cats, bombardiers and heaters were then only in their mechanical infancy.

With all the problems of climate and finance, MTS ended the decade as one of the most dependable, efficient and modern telephone companies in the world.

Background photo: Part of MTS's 24-truck, 96-car fleet in 1929.

Top centre: Employee picnic, 1921.

Centre right: The TT club's second annual initiation party in August, 1925.

FOUR/THE LEAN YEARS

Proud of the past decade's growth and success, MTS looked forward to the Thirties with the same buoyant optimism. But waves from the New York stock market crash quickly drowned out the Roaring Twenties. Grain bins emptied in the West and production lines slowed to a halt in the East. Tariff walls climbed, while trade dwindled. Manitobans again fell victim to history: the Great Depression was under way.

It was a time that tried men's souls. Unemployment, poverty relief camps and hunger marches stalked the land. Strange cults and new political philosophies sprang up. Some farms became dustbowls while others turned snow white from alkali. A generation of migrant workers appeared.

All business was hard hit. In 1932, MTS suffered its first operating loss in 10 years. The 76,000 telephone customers of 1929, fell to less than 60,000 by 1932.

The slack brought layoffs. But, MTS did everything it could to help its people. Hours of work and work-weeks were reduced so more people could earn wages. Telephone officials and employees consented to voluntary reductions in wages as the unions agreed to forego the balance of their unexpired agreements.

Throughout the province, the economic nosedive affected peoples' ability to pay for telephone service. Telephones were taken out of many homes, usually at the customer's request. Interestingly enough, the number of local calls did not drop correspondingly. Folks were using their neighbors' sets.

Long distance calling, however, an important source of revenue for MTS, practically ceased.

Customers were given every aid to make the widest possible use of service. Payment periods were extended. Partial payments were accepted as a down payment until crops or other products could be sold.

To keep the isolated farmer protected by telephone, MTS slashed rates several times. By 1935, a telephone and 30 calls a month cost only $1, with each additional call costing two cents.

If nothing else, the Depression proved that the telephone had grown into a necessity. One call could save a life or get a job, MTS people said, and the message was getting across.

Depression or no, MTS tried to fulfill its pledge to bring telephone service to as many Manitobans as possible. By cost-cutting, whether reducing pages in the employee publication or staggering the introduction of new equipment, telephone people gave the challenge their traditional best.

In the North, service was pushed beyond The Pas. Poles and land lines were planted one by one in the hostile wilderness of the shield country. Difficulties were immense. The company magazine of the day reported:

"The poet who said there is no law of God or man north of the 53rd parallel must have had the telephone men in mind... The construction of a pole line calls for a nice little log cabin about six feet square on the rock surface. By dint of hard work and suitable language you manage to get the pole standing in the middle of the nice little log cabin. All that remains then is to fill in the remaining space with rock."

The men who penetrated the shield in eastern and central Manitoba's mining areas, beyond Lac du Bonnet and Gypsumville, were described as men who slept in tents and dined out when it was 40 degrees below zero. Meanwhile in Winnipeg, more than two years of construction resulted in a six-storey structure at Portage Avenue East near Main Street, at the heart of the financial district. Occupying the site of the original Main Exchange, the building was completed in 1932 and served as MTS's headquarters.

By the same year, the combined efforts of seven Canadian telephone companies forged the last link in the newly formed Trans-Canada Telephone System, a $5 million undertaking that allowed Canadians to phone sea-to-sea without leaving national boundaries. Together with the laying of intercontinental cable, Manitobans could now reach almost 30,000,000 telephones as widely separated as New Zealand and Europe.

Many Manitobans felt that the Depression had reached bottom in 1935. The climb back to economic prosperity was under way. Telephone service grew, revenues increased and wages rose. By 1939 there were, once again, 70,000 telephones operating in the province.

Employees joined in the general hope for better times. They read Collier's magazine, watched Errol Flynn, Marlene Dietrich, Joe E. Brown and Clark Gable in the movies, and danced to the scratchy 78's of Glenn Miller and Benny Goodman. Radio, including

both MTS stations, was a main centre of entertainment with One Man's Family, Major Bowe's Amateur Hour and Lux Radio Theatre, the favorite programs. To the isolated Northerners, radio was a welcome link to the world and a friend in the lonely harshness of a Manitoba winter.

In the spring of 1938, the Telephone Pioneers of America, established in 1911 by Alexander Graham Bell, granted a charter to Manitoba Chapter 50. Any Manitoban with 21 years service in the telephone industry could join the Pioneers. The organization later developed into the world's largest social-industrial association. The Pioneers were to be in the forefront of worthy activities by MTS people in the coming years.

Other employee activities were also popular. Highlights of the social year included the annual summer picnic, sports from cricket to golf, the annual floral display contest in Winnipeg, the annual award for Best Kept Premises (which produced stiff competition among the operators in many exchanges) and a reduction in the talk of "hard sledding" that characterized telephone activities in the early part of the decade.

The future looked good, but storm clouds were rounding on the horizon.

Background photo: Work crew at south-west corner of River and Osborne, Winnipeg, 1930.

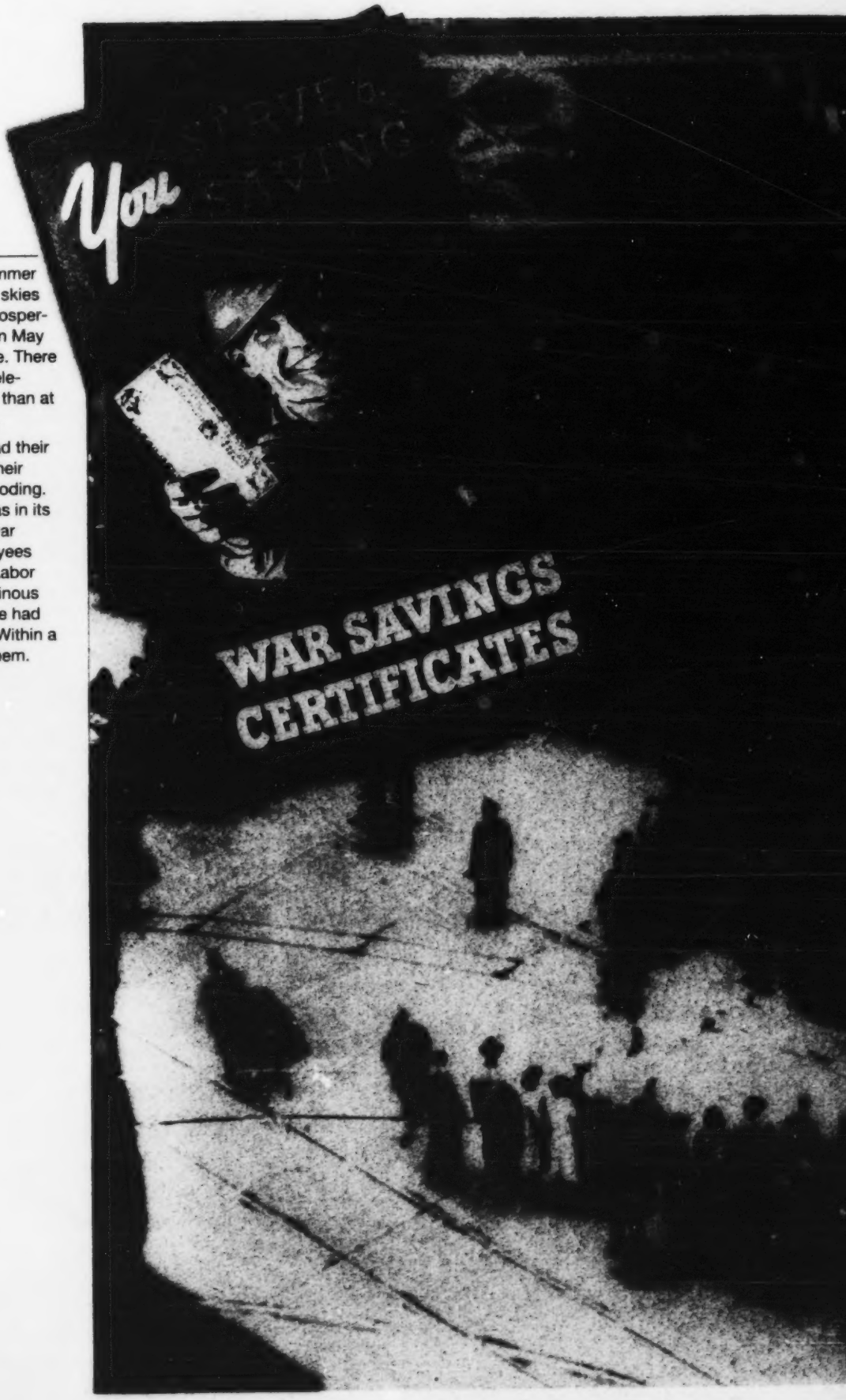
Bottom right: Behind the scenes at CKY-radio, 1930.

Centre left: MTS men's hockey team; winners of the Starr Trophy Commercial League, 1931-32.

FIVE/A WAR

Manitobans enjoyed the summer of 1939, with its warm clear skies and increasing economic prosperity. There was a Royal visit in May and bowling was all the rage. There were more jobs and more telephones being installed then than at any time during the Thirties.

Many people though, read their newspapers or listened to their radios with a sense of foreboding. In Europe, appeasement was in its final hours while a vicious war raged in China. MTS employees returning to work after the Labor Day weekend heard the ominous news that Britain and France had declared war on Germany. Within a week, Canada had joined them.



MTS entered a new phase of its existence. Instead of enjoying the fruits promised by a growth in the economy, people and companies found themselves having to make-do and get by. Scarcity was the order of the day, scarcity in men, skills, material, consumer goods and in fact, everything.

Telephone men enlisted, some to fight and some to string lines in lands as remote as Egypt and Burma. MTS was hard hit by the personnel shortage. Women replaced men in repair shops, in office jobs and in various other occupations. Outside, they drove taxis and manned the production lines in factories. School children worked part-time.

Background photo: Victory Bond Rally at Portage and Main.

Top left: War savings certificate poster, *Telephone Echo*, 1940.

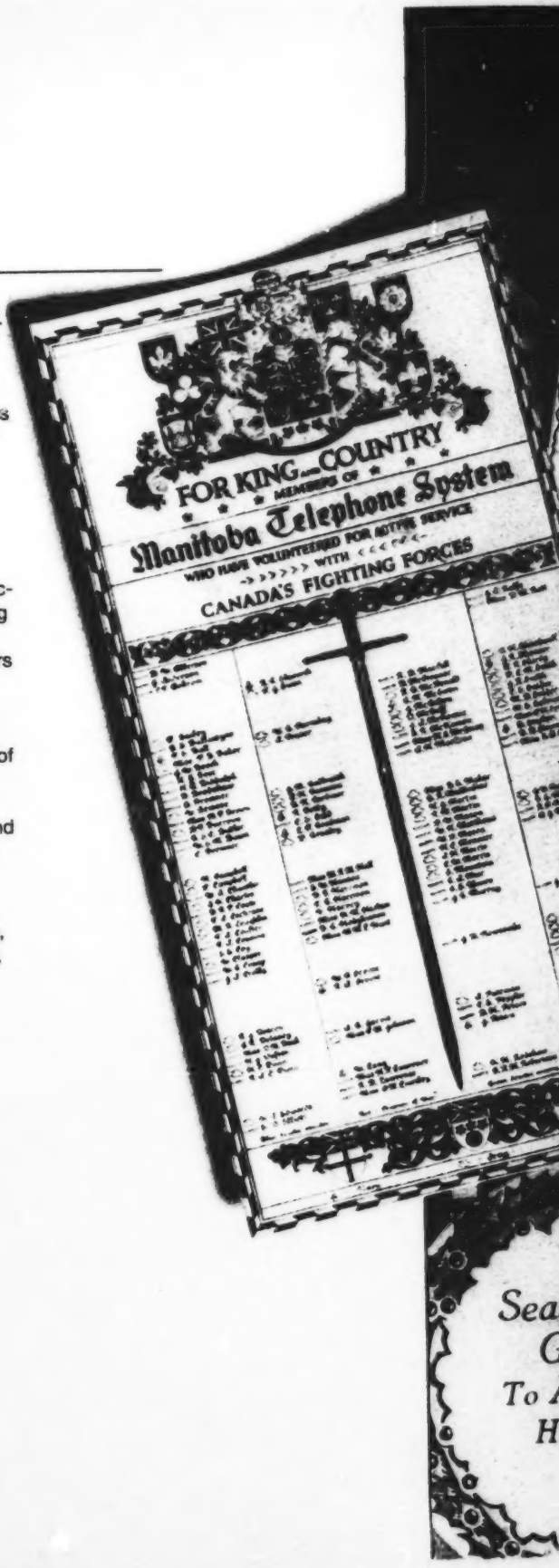
Little things counted. Tin was in short supply and cablemen devised a new method of soldering joints that used less of it, "putting supplies away like squirrels, always being doubtful of how inadequate the next shipment of material might be." It was the day of the ration card for companies as well as individuals.

In 1940, the tempo of the telephone business continued to increase. Manitoba became a nerve centre in the beast of war. Gunnery schools, airports with all their attendant facilities, prisoner-of-war camps and army bases sprouted across the prairie and as far north as The Pas. POW's cut wood in the Whiteshell and the British Commonwealth Air Training Plan brought thousands of men from around the globe to learn the skills of war. MTS provided their communications, outfitting bases that were more like small cities in size and requirements.

Only in two areas—hard work and hope— was scarcity defeated. There was very little "hurrah, hurrah" patriotism, but everyone was conscious of the war. Grumbling over difficulties and shortages would always end with the phrase "There's a war on, you know." There was victory and peace to look and work toward.

Here, employees helped in many ways. They purchased victory bonds on the payroll deduction plan and turned out for touring concerts meant to aid the war effort. They sent parcels and letters to MTS men fighting overseas. They collected scrap metal and knitted sweaters or dug gardens, all part of the total war. But most of all they worked competently and efficiently with their limited resources, and carried both MTS and Manitoba's war effort through to the end without major problems.

With victory, MTS could look back through six years of pruning, praying, working and succeeding, with a deep pride, both in the company and its people.



The armed forces took 234 MTS employees, most in Canadian uniforms, but a few joined the British or American forces. Of those, 13 were killed in action. Every telephone need for war services had been met. Civilian requirements had expanded too, though the backlog of orders and projects was immense. MTS employees carried the burden and won the race.

Background photo: Christmas greetings in *Telephone Echo*, 1942.
Far left: MTS "employees on active service" roster, World War II.
Top left: Top honors for the "Best Kept Premises" award went to the Boissevain Telephone Office in 1942. Competition among offices throughout the province was intense during that and every year.

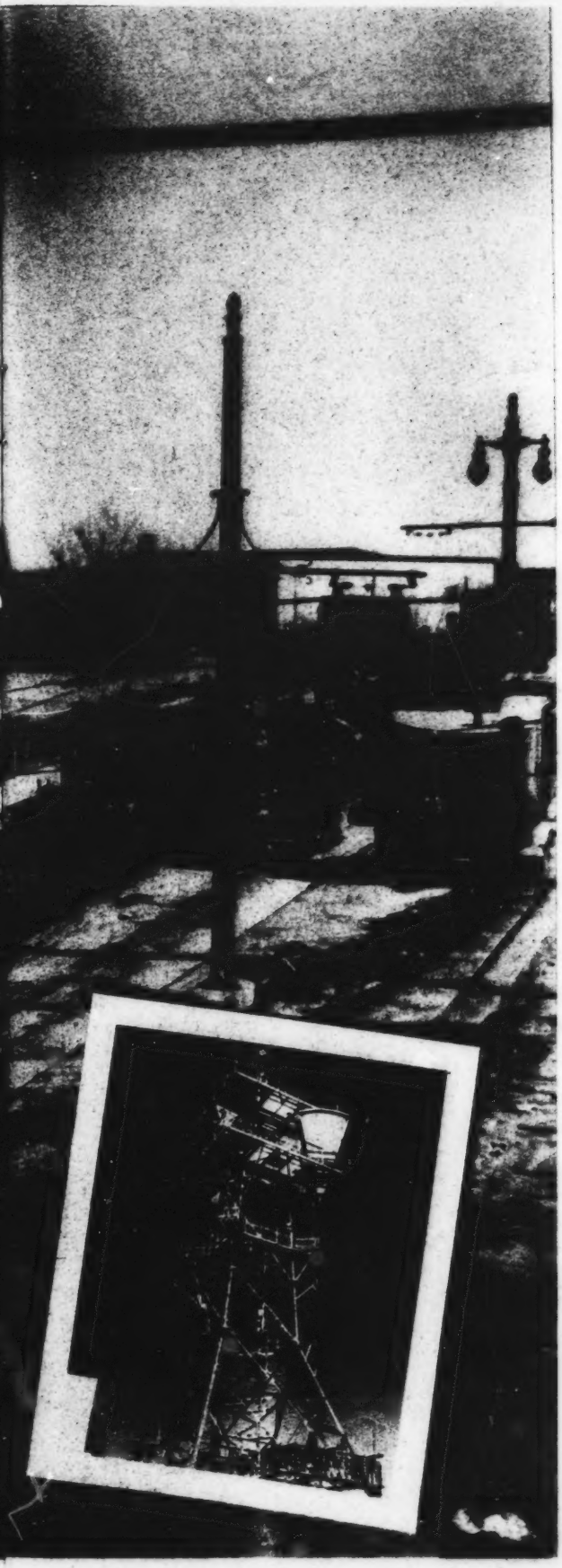
SIX/THE EXPLOSION

It was 1945 and victory. But what next? MTS was operating more than 90,000 telephones and had 1,200 employees. Plant had a calculated value of $24,000,000. What would happen now?

Many people were worried. They expected a couple of years of boom to clear out the demand held back by wartime shortages. Then they looked for economic trouble. For many, the Depression was a vivid memory.

The predictions were too gloomy. Through recession, inflation, prosperity, and even a war in Korea that produced some shortages, MTS grew. It serviced more and more telephones, hired more and more workers and installed newer and more advanced equipment. For 30 unprecedented years, it had expanded and diversified.

At the end of 1945, the number of people waiting for a telephone exceeded the total number of phones installed during the three years prior to the war. In telephone tradition, MTS people set out to solve the problem.



The challenge required the concentrated skills of all telephone employees, including those war veterans who wished to rejoin MTS and did so. There were still shortages at times and inflation was a serious problem. Supply, maintenance, construction and operating costs all rose. Wages climbed and Canadians went on a spending spree.

After a cycle of bust and war, good times were back and the decade 1945-55 saw the biggest boom in Manitoba telephone history. In 10 years, more telephones were added to the network than had been installed in all the previous years right back to Horace McDougall's introduction of the instrument to Manitoba. Now there were 203,000 phones, plant value had tripled to more than $76,000,000 and the number of employees increased two-and-a-half times to almost 3,000.

Only in one area did MTS retreat, and that was through no fault of its own. Radio stations CKY in Winnipeg and CKX in Brandon were divorced from MTS holdings in 1948 in response to a statement made in the House of Commons in 1946 by Federal Minister C.D. Howe. Answering a question from a young Member of Parliament, John Diefenbaker, Mr. Howe said:

"The Government has decided that since broadcasting is the sole responsibility of the Dominion Government, broadcasting licenses shall not be issued to other governments or corporations owned by other governments."

Also in 1948, a public radiotelephone network linking the isolated towns, camps, aircraft and boats of the North was established in Northern Manitoba. Powerful transmitters were built at The Pas, Selkirk and Norway House. This was the first step in a long series of projects to bring reliable, modern communications to those in the North.

All was not smooth sailing though. The curse of the Manitoba spring flood saw to that when in 1950, the Red River Valley experienced a disaster of unparalleled proportion. From Winnipeg to the United States border, a new lake had formed, drowning towns, forcing evacuation, threatening epidemic, and inundating fields and farms.

Yet the high water mark of the flood was more than matched by a high sense of duty from telephone employees. Operators stayed at their posts, sleeping in their exchanges to keep essential communications open. Repair crews worked 'round the clock to restore and maintain service. At the height

Background photo: Norwood bridge just about under water during 1950 flood.

Top left: Telephone operators leaving Morris office at height of '66 flood.

Bottom right: Microwave tower on Fort Rouge building in Winnipeg, 1956.

of the flood, operators in Morris were evacuated at the last second, crossing 50 tricky miles of wind-swept water in an open boat.

The following year, 1951, Canadians captured a title they held annually until 1960—that of the champions of chat. Canadians recorded more telephone calls per capita than any other nation in the world, and Manitobans led the country by a wide margin. It was the heyday of the "teenager monopolizing the wires" joke, for the younger generation used the telephone constantly.

Leisure received its biggest impact with the introduction of television to Manitoba in 1954. The home television set could perhaps best serve as the symbol of the communications revolution that overtook the world. From it, came two interacting consequences: the sheer quantity of demand, coupled with the complexity of the equipment.

Microwave technology for long distance telephone technology and television was one answer. In 1956, towers connected Winnipeg with the East and in 1958, the Trans-Canada Microwave System was complete: a 4,000 mile, 178-tower network that linked Canada coast-to-coast with the longest micro-wave system in the world.

In 1955, Manitobans benefitted from the first in a series of reductions in long distance charges including several drops in the Trans-Canada rates and the elimination of special Northern long distance charges.

Manual switching in rural exchanges gave way to mechanical switching and the dial telephone was being introduced across the province in a long range program started by MTS in 1949.

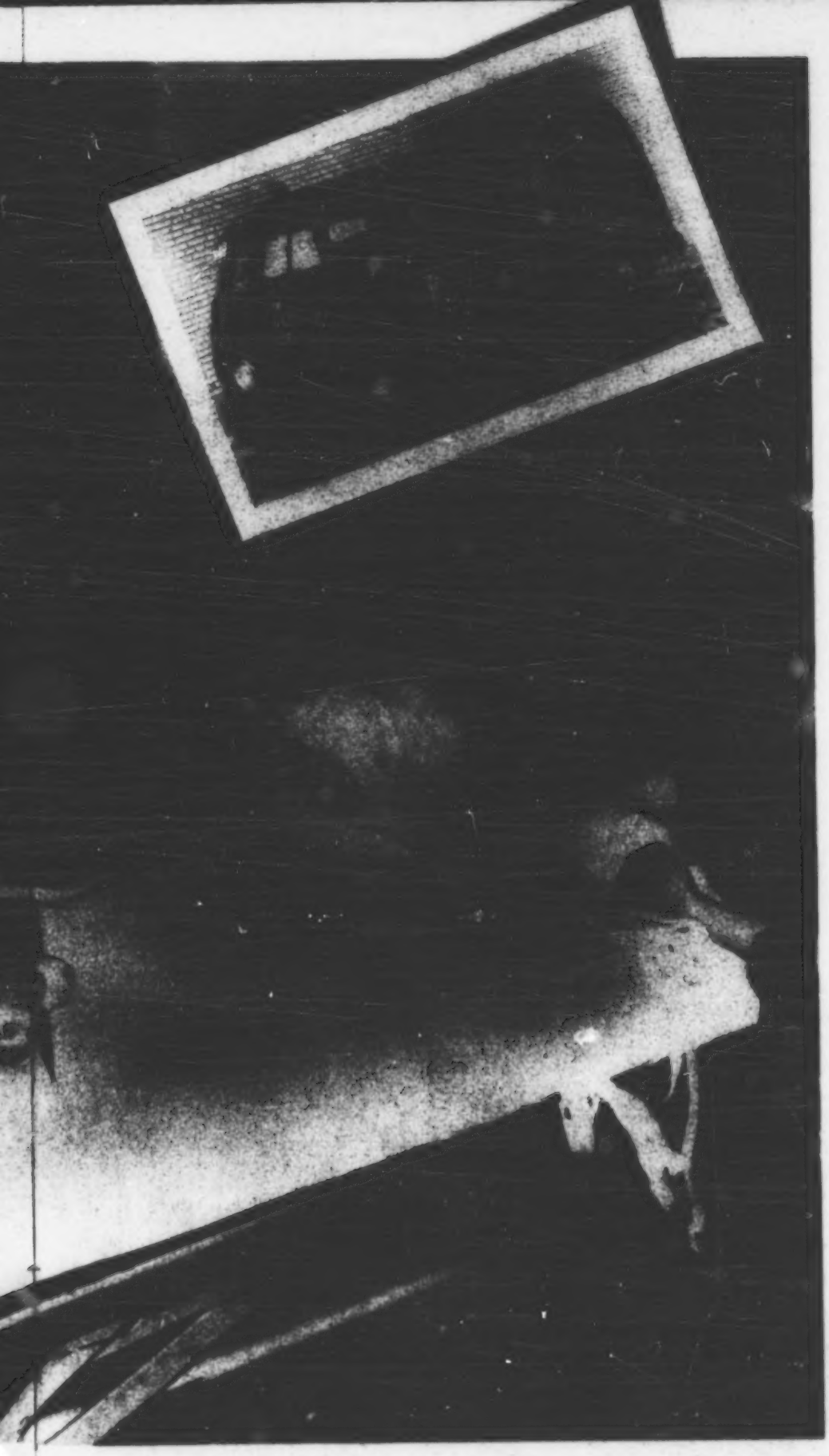
Winnipeg pioneered the use of 999, a three-digit emergency number in June of 1959. The new number was the first of its kind in North America. Brandon began using 999 in November of '70.

In 1960, a new MTS administration headquarters building was being built across from Winnipeg's Polo Park shopping centre with final occupation completed in early 1963.

A Board of Commissioners for the System was approved by the legislative assembly and became effective September 1, 1962. Appointed for a three year term were: J.F. Mills - Chairman, J.S. Anderson - Vice-Chairman, J.H. Chipperfield, H.P. Shewman MLA, and W.T. Wylie.

In 1964, in preparation for Direct Distance Dialing (DDD), automatic number identification (ANI) and operator number identification (ONI) were making their debut in Winnipeg.

This major step was taken in 1965 when DDD was introduced in Winnipeg and later throughout the rest of Manitoba. The new service grew to the point where almost 99 per cent of all Manitoba telephone customers could dial their own station-to-station long distance calls to anywhere in North America.



By the mid-1960's, the goal of a telephone in every home was all but accomplished. As well, the styles and options of telephone equipment and services continued to multiply, including mobile telephone service, color phones, Private Branch Exchange (PBX) equipment, teletypewriter (TWX) service, the Contempra phone and most recently a new line of decorator phones.

At the end of the decade, 99 per cent of the people in communities north of the 53rd parallel enjoyed access to some form of telephone service. And, operators, who, in 1910 had headsets that weighed six pounds, used headsets that weighed only 1.3 ounces. Linemen now used snowmobiles and winterized vehicles to patrol their rural lines. Exchanges had become more sophisticated as well as more costly. Job specialization had become increasingly more evident as knowledge multiplied faster than people could absorb it.

On Sunday, July 20, 1969, at 3:17 p.m., the longest long distance call in history was made when three American astronauts landed on the moon and reported the event to Washington D.C. from Tranquility Base, the moon.

The Sixties were left behind with the knowledge that satellite communications were only one of the many advances that lie ahead. A communications revolution was seen for the decade to come.

Background photo: TT club volunteers cheering up hospitalized children.

Top right: MTS van advertising service to the North, 1957.

SEVENTH REVOLUTION

The next few years were active ones for MTS as the communications seeds planted during the space era began to blossom and bear fruit for earthbound users.

In April, 1970, Wallace, the last of the small, independent municipal telephone systems in Manitoba, merged with MTS, ending a process which had started in 1908.

In June, the Trans-Canada Telephone System (TCTS), of which MTS is a member, introduced the first in a series of data transmission services known as MULTIcom. The service allowed the transmission of data, on a high-speed switched network, across Canada and enabled business and government to draw upon the vast resources of computers from points many thousands of miles away.

In 1972, the need for a specialized marketing section for data communications within the Canadian telephone industry was recognized and the Computer Communications Group (CCG) of the Trans-Canada Telephone System was formed.

Along with the CCG departments in each of the eight TCTS member telephone companies came a host of new telecommunications services including the VUcom I, a visual display unit similar to a TV set which allowed the examination of information before it was sent into the computer; Dataroute, the world's first digital data network, which became a reality in April, 1972; and Faxcom service, a cross-Canada facsimile transmission device which was introduced in June, 1973. The announcement of the Datapac network in October, 1974, brought to life the design for Canada's basic universal data network. Using advanced packet switching in digital form, the Datapac system allowed any authorized user to communicate with any computer data base in the country. More breakthroughs were in the offing as Canada's telephone companies became increasingly involved in the data communications industry.

On November 9, 1972, a rocket blast from Cape Kennedy, Florida, launched the world's first domestic communications satellite, ANIK 1. As a member of the Canadian Telecommunications Carriers Association (CTCA), which joined with the Federal government to form Telesat, the group responsible for ANIK's launching, MTS was now participating in a venture which would mean vastly improved communications for Canada's isolated far North.

As astronauts and satellites pushed back the frontiers of space, MTS stepped up the attack on its last frontier.

The new microwave network was continually being expanded in the northern part of the province, bringing with it high-quality local and long distance service as well as network television to the people in those growing communities. The microwave network also allowed a much broader extension of the fringe radio service by providing access to MTS's radio-telephone network.

In November, 1973, another telephone milestone was passed with the installation of the 500,000th telephone at the Winnipeg International Airport.

April, 1974, saw the retirement of MTS Chairman and General Manager, J. F. Mills, who had held the position since 1954. He had devoted some 47 years of his life to the telecommunications industry. A month later, Jim Fenton, Manager of Operations, retired after a telephone career that started 45 years earlier in 1929. In May, 1974, MTS would be introduced to its sixth Chairman and General Manager since 1908, Gordon W. Holland, former Secretary of the Management Committee of Cabinet.

Background photo: Rapid City conversion makes Manitoba's telephones 100 per cent dial, June, 1977.

Top right: MTS Chairman and General Manager Gordon Holland and former MTS Chairman Jim Mills welcomed Rapid City residents to the community festivities held the evening the town was converted to dial telephones.

But, all was not quiet on the labor front.

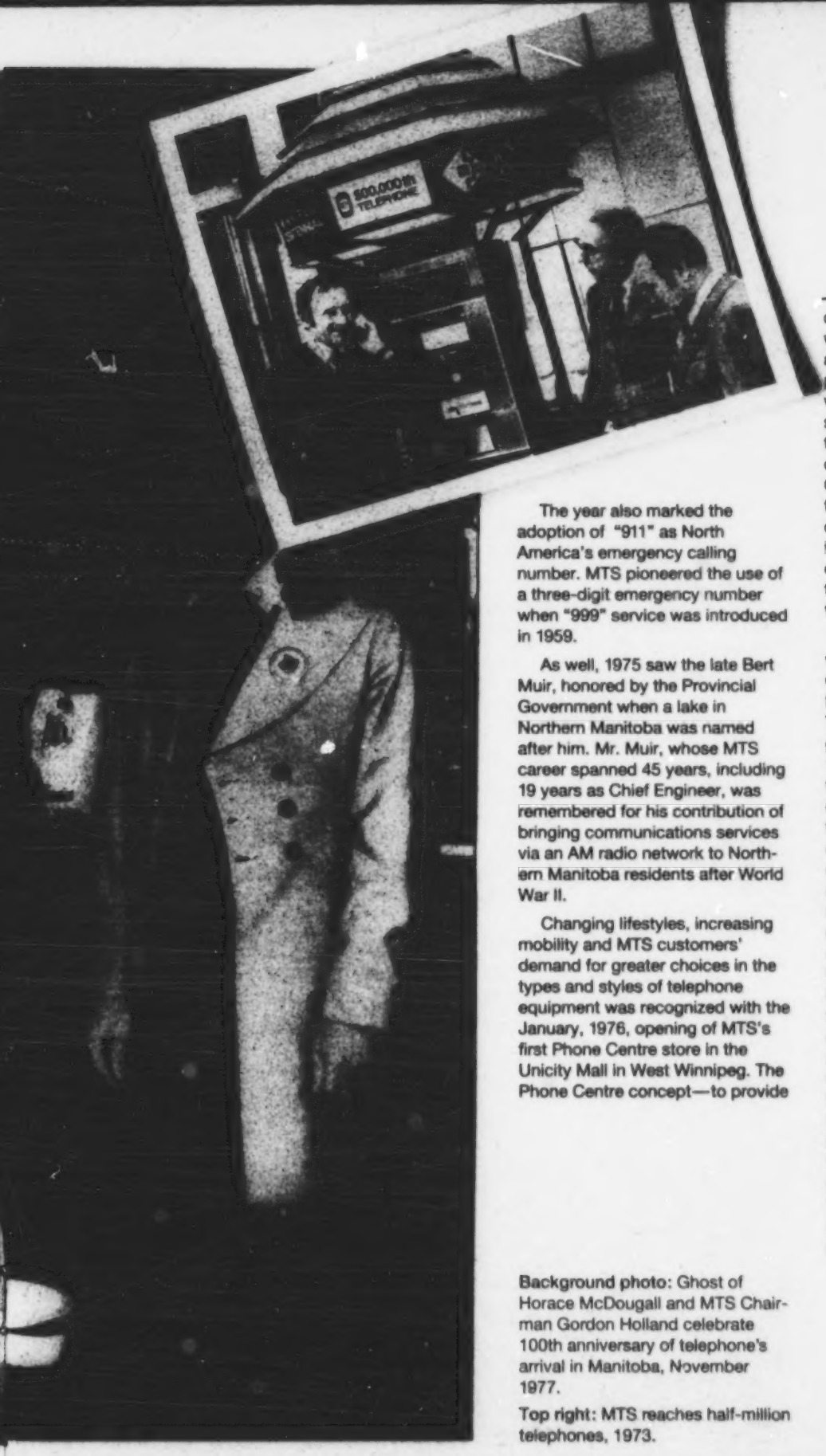
On June 14, 1974, some 800 "voice with a smile" employees walked off their jobs for 13 days. It was the first strike by System employees since the Winnipeg General Strike of 1919. Supported by many craft and clerical workers, the operators were temporarily replaced by management staff who continued to provide essential service to the public.

The same year, MTS started work on its largest single project ever: a $10 million extension to Brandon's 18th Street office and the installation of new computerized long distance switching equipment. A Traffic Operator Position System (TOPS) replaced the conventional long distance switchboards, signalling the end of the cord board. The new unique TOPS positions made the Brandon office one of the most advanced in North America.

The following year marked MTS's first rate increase application in twenty years. On July 3, 1975, MTS approached its regulator, the Public Utilities Board of Manitoba, and requested a rate increase of 25 per cent. In the years since the company's last general rate increase, the cost of living in Manitoba had risen 93.7 per cent while wages had increased some 108 per cent. Nevertheless, even after the new rates came into effect, Manitobans could still boast of having the lowest telephone rates in Canada and among the lowest rates anywhere in the world.

The establishment of Manitoba Data Services (MDS) on September 1, 1975, added a new dimension to the Corporation's diversity. Complementing MTS's data communications services, MDS made sophisticated and reliable shared-processing services available to a wide variety of clients while at the same time providing new employment in the province.

In October, 1975, Direct Distance Dialing (DDD) service was introduced to the first of some 70 Western Region telephone exchanges following the completion of the extension on Brandon's 18th Street office.



The year also marked the adoption of "911" as North America's emergency calling number. MTS pioneered the use of a three-digit emergency number when "999" service was introduced in 1959.

As well, 1975 saw the late Bert Muir, honored by the Provincial Government when a lake in Northern Manitoba was named after him. Mr. Muir, whose MTS career spanned 45 years, including 19 years as Chief Engineer, was remembered for his contribution of bringing communications services via an AM radio network to Northern Manitoba residents after World War II.

Changing lifestyles, increasing mobility and MTS customers' demand for greater choices in the types and styles of telephone equipment was recognized with the January, 1976, opening of MTS's first Phone Centre store in the Unicity Mall in West Winnipeg. The Phone Centre concept—to provide customers with a "telephone store" where they could choose a style and color of set, take it home and plug it in for almost instant service—fits well with the one-stop shopping style of the mid-70s. At the same time, the conversion of customers' homes to Phone Centre-style jacks meant savings for both the Company and its customers. Installation and repair visit costs were reduced and customers could arrange to do their telephone-related business at a time more convenient for them.

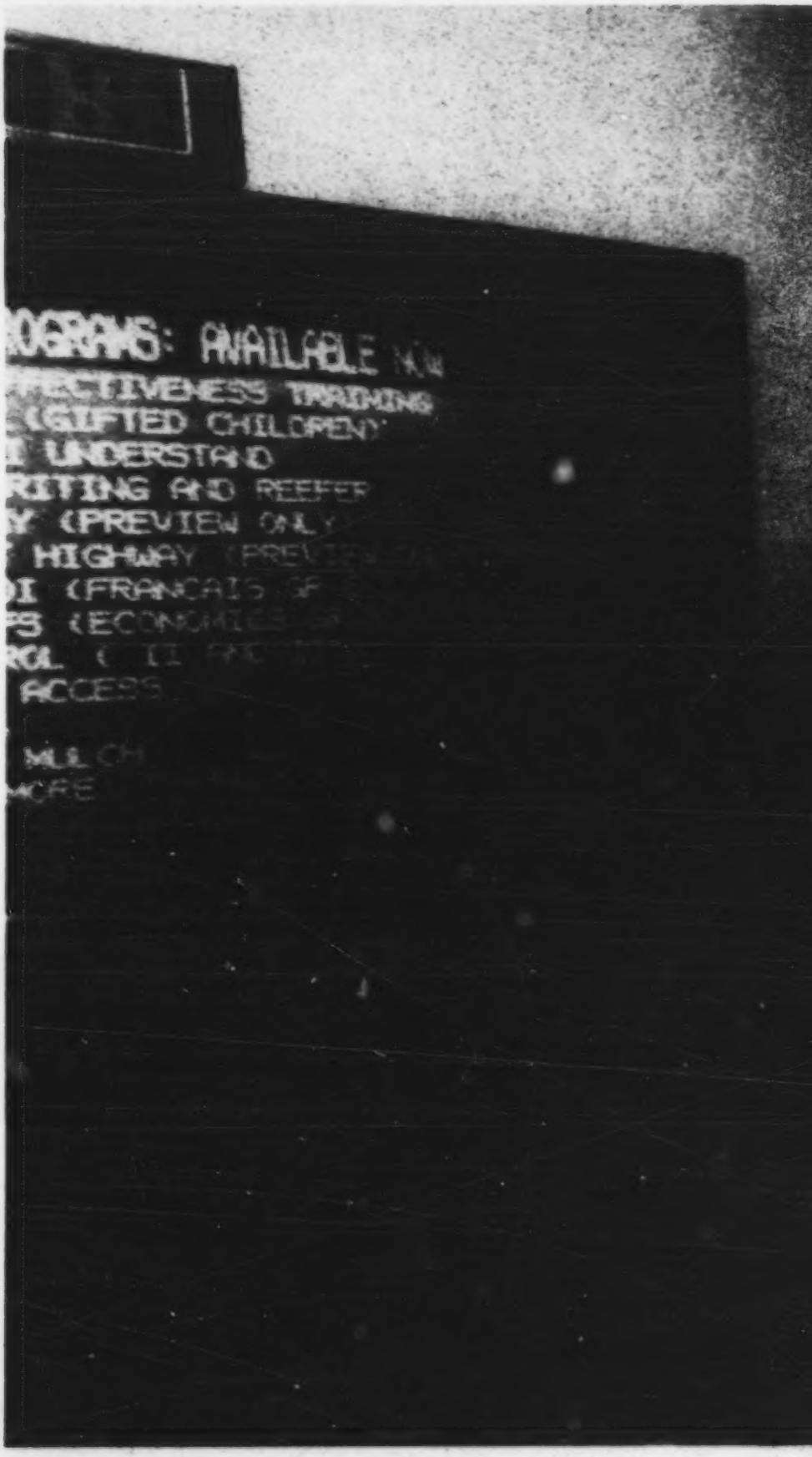
On January 17, 1976, the world's most powerful satellite, the Canadian-designed and built HERMES, was launched in Florida. Three dozen experimenter and user groups (20 from Canada and some 15 from the U.S.A.) shared use of the satellite over a two-year period, conducting experiments in such fields as telemedicine, tele-education, radio astronomy, broadcasting technology, government administration and operations in remote areas, emergency communications and maintenance of library and public broadcast networks. MTS, in conjunction with the Federal Department of Communications (DOC), conducted a series of experiments with the satellite from April to October, 1977. In one experiment, MDS transmitted data from Thompson and Brandon to MDS facilities in Winnipeg; in another, two antennas were temporarily installed on the roof of MTS's Fort Rouge building in Winnipeg to test the effects of the weather on the satellite's transmission.

Background photo: Ghost of Horace McDougall and MTS Chairman Gordon Holland celebrate 100th anniversary of telephone's arrival in Manitoba, November 1977.

Top right: MTS reaches half-million telephones, 1973.

Teleglobe Canada, complete with a new name, formerly the Canadian Overseas Telecommunications Corporation, celebrated its 25th year as Canada's external telecommunications carrier. During 1976, Teleglobe brought Canadians 60 hours of live coverage of the Winter Olympics from Innsbruck, Austria. And, in the summer, it provided coverage of the Summer Olympics in Montreal to hundreds of millions of people around the world.

Cable television service, introduced in Thompson in 1963 and Winnipeg in 1969, became a hot issue in the mid-1970s. In an attempt to resolve the long-standing issue of hardware ownership, the federal and provincial governments entered into the Manitoba-Canada agreement on November 10, 1976, allowing MTS, as the common carrier for the province, to own all the signal distribution hardware for cable television service. The agreement also made the Federal government responsible for the regulation and supervision of programming services, including Pay-TV, and made contract-related disputes between MTS and the cable operators subject to adjudication by the Public Utilities Board of Manitoba.



A year later, the Canadian Radio-television and Telecommunications Commission (CRTC) held hearings for cable TV license applications to serve 29 Manitoba communities. In August, 1977, the CRTC instructed the four successful applicants to form a consortium with the two Winnipeg cable operators to devise a cost-sharing plan which would allow the delivery of American television signals from Tolstoi (near the U.S. border, south of Winnipeg) to all licensed communities.

In the fall of 1978, the extension of MTS's inter-city broadband network (ICBN) was completed, bringing these American network television signals to Brandon, Portage la Prairie, Selkirk and Carberry. Morden and Carman area residents received the service some months later; while Minnedosa, Neepawa and Rivers residents received service under an interim arrangement in the summer of 1980.

Background photo: South Headingley residents participating in Project IDA receive a variety of new home services including videotex - information from a distant computer that appears on the home TV screen by keying in page numbers on a hand-held keypad, June, 1980.

On June 2, 1977, a landmark event took place when Rapid City, with its 435 telephones, was cut over to dial service, making Manitoba's telephones 100 per cent dial operated. Following the cut-over ceremony in the afternoon, some 1,400 people, including Rapid City customers and MTS employees, celebrated the occasion at a gala community barbecue and dance. Along with their new service, Rapid City customers received DDD, enabling them to dial their own long distance calls to some 160 million telephones in North America.

In October, MTS's Information Resource Centre was opened in the Administration Building, centralizing the collection, cataloguing and purchase of books and periodicals for employees.

On November 23, 1977, MTS employees, along with the "ghost of Horace McDougall," celebrated the 100th anniversary of the arrival of the telephone to Manitoba.

A few days later, on November 28, MTS opened its third Winnipeg Phone Centre store. Now customers could do their telephone business at the newest location, in Garden City Square, at the downtown store on Portage Avenue or at the Unicity Mall.

In December, the Regional concept was established by MTS to provide improved managerial presence in provincial areas with Oz Pedde becoming the first General Regional Manager—Western with headquarters in Brandon.

In 1978, MTS celebrated its 70th anniversary of service to Manitobans. In that seventy year period, more than 654,000 telephones had been reached, total plant in service amounted to $654 million, operators' wages had jumped from $28 monthly to $867 monthly and installers' wages had increased from $50 to $1500 monthly. As well, bread prices had gone from five cents to fifty-six cents a loaf—clearly times had changed!

The issue of competition was a topic of concern for MTS in 1978. Several stores offered customers new choices in telephone equipment, while telephone jacks made unauthorized installations easier in customers' homes.

On April 10, 1978, two new telephone services, Direct Dialing Overseas (DDO) and Zero Plus, were introduced in Winnipeg during a special ceremony. Premier Sterling Lyon placed two direct-dialed long distance calls to London, England to mark the event. DDO service enabled Winnipeggers to dial their own calls to 27 countries around the world (six more countries were added to the list one year later); Zero Plus service enabled customers to dial their own person-to-person, collect, credit card and third number billing calls with the operator coming on the line at the end of the dialing to enquire about the type of call being placed. Customers in nine Western Region communities, as well as customers in Thompson, received the new service the following November.

June 1, 1978, marked the 40th anniversary of the Manitoba Chapter of the Telephone Pioneers. Some 1,500 Manitoba Pioneers, both active and retired MTS employees, continued to serve their community in the Pioneer spirit of good fellowship and friendship.

On June 19, twenty residents of Aubigny were injured and three-quarters of the small, southern Manitoba town was destroyed when a tornado tore through the town. MTS employees were not only the first to spot the trouble and warn residents to scramble for cover; they also helped with the clean-up and kept life-line communications open.

The long-time tradition of service, through any kind of disaster, continued as MTS employees responded to floods, fires and even tornados with their usual spirit and dedication.

Background photo: Telesat Canada's Satellite receiver outside the Manitoba Legislative building demonstrates signals from ANIK B.

In the fall of 1978, six MTS employees packed their bags for the adventure of a lifetime. They were off to Saudi Arabia. The six were the first of some 30 employees loaned to Bell Canada which had been awarded a five-year, $1.1 billion contract to modernize that country's telephone system.

MTS's Rural Service Improvement Program continued to receive high priority in 1978 with some 10,000 rural customers receiving reduced multi-party line loadings and almost 2,600 customers receiving individual line service for the first time. Started in 1972, and with a completion date of 1981, the 34 million program would provide a total of 44,000 customers with reduced line loadings (an average of 2.8 customers per line) and extended individual line service to some 13,400 customers in 170 communities which previously had multi-party service.

In Northern Manitoba, the MTS's major service improvement program was virtually complete. Started in 1971, the program brought expanded and improved service, including regular dial and long distance service, to some 18,000 residents in 37 communities.

The winter of 1979 saw Western Region employees go all out in the provision of telecommunications services for the Jeux Canada Winter Games held in Brandon February 12 to 24. Three thousand athletes from across Canada competed in eighteen sporting events.

On February 20, 1979, details were announced concerning Canada's first rural fibre optics field trial to be held in the rural Manitoba communities of Elie and St. Eustache.

Some 150 participants in this "farm of the future" experiment would be receiving single party telephone service, cable television, FM radio and a data channel suitable for interactive computer services.

The technology to be used in the experiment, fibre optics, was a revolutionary one involving the transmission of light waves through hair-thin glass fibres. A pair of the hair-thin fibres can carry up to 672 telephone conversations at once, compared with the 24 conversations possible using conventional copper wire. The five-year, $6.1 million fibre optics project was sponsored jointly by the Canadian Telecommunications Carriers Association, the Federal Department of Communications, Northern Telecom Ltd. and MTS. The field trial officially began in the fall of 1981.

As of March 31, 1979, the number of telephones in service totalled 663,452, an increase of 23,199 over the previous year. The volume of local calls increased by about 8 million to reach well over 1.3 billion during 1978-79. To accommodate this growth, construction crews added some 4,600 kilometers of wire and cable to the existing network, a new switching office was opened in Charleswood and several other switching offices in the province were expanded.

Persistent cost inflation, the continued devaluation of the Canadian dollar (down to 84 cents —the lowest since the 1930 Depression), and the growing demand by customers for new and improved telephone services had their impact on MTS during 1978. Despite a 14 per cent increase in total revenues and stringent cost containment measures, MTS experienced its first loss in more than twenty years with a year-end net revenue deficiency of $1,282,000.

To help secure and maintain its financial base for the next several years, MTS applied to its regulator, the Public Utilities Board of Manitoba, for another general rate increase.

On April 1, 1979, Manitoba telephone rates rose an average of 12 per cent, making Winnipeg residence rates $5.50 per month from $4.90, and Winnipeg business rates $13.05 per month from $11.65. Even so, Manitoba's rates were still among the lowest in Canada.

Also on April 1, after just over three years as a division of MTS, Manitoba Data Services became a separate crown corporation reporting directly to the Minister of Government Services.

By the end of the month, high waters in southern, central and the Interlake areas of the province had disrupted telephone service in at least thirty communities. MTS employees joined forces with area residents to combat the rising waters, filling 600,000 sandbags in a two-week period while other employees worked 'round the clock maintaining and restoring essential communications.

Background photo: Whatever Mother Nature dishes out— MTS employees pitch in to help their neighbors.

Bottom left: Southern Manitoba residents, including MTS employee Roger Descouteaux and his family, were among the hundreds whose homes were flooded in the Spring of 1979

Bottom right: Tornados are another one of Mother Nature's surprises that MTS employees have had to contend with.

In June, 1979, MTS introduced computerized repair service operations in Winnipeg. The new system, Centralized Automated Loop Reporting System (CALRS), enabled customer calls to be handled quickly and efficiently. Computer-stored information replaced the Repair Bureau's paper files, performed immediate line verifications for confirmation of troubles, and arranged repair service appointments in order of priority. Work was also progressing on the computerization of another MTS service. In June, 1980, Mechanized Intercept Directory Assistance System (MIDAS), developed by MTS, was introduced in Brandon, Thompson and Winnipeg, bringing all Manitobans faster, more reliable directory assistance, enriching operators' jobs and providing MTS with substantial savings on former paper records.

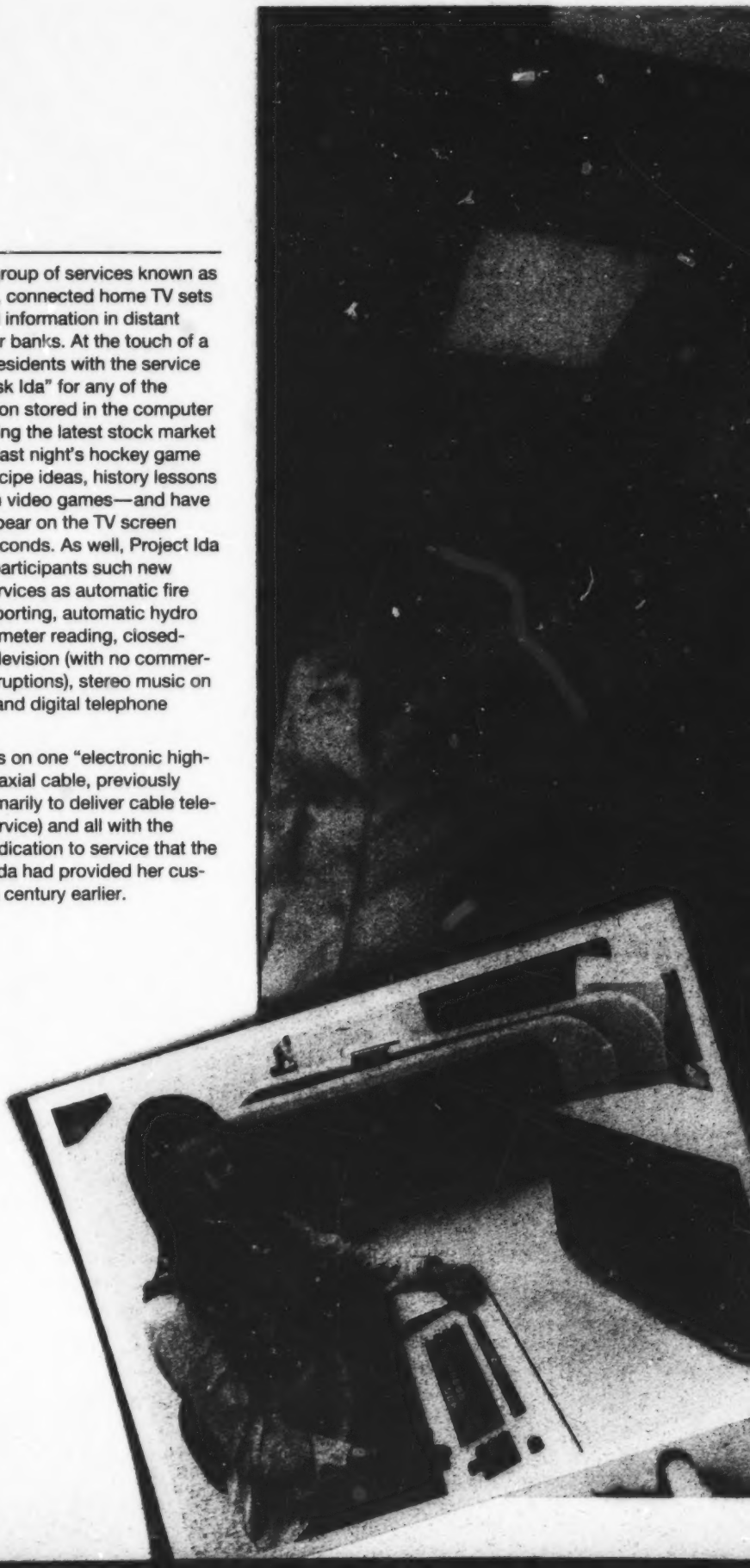
In October, 1979, MTS in conjunction with the Manitoba Health Services Commission, sponsored Canada's first conference on telemedicine. More than 100 delegates from across Canada and the U.S.A. attended "Telehealth '79" to review the use of satellites and coaxial cable technology in telemedical applications and to discuss possibilities for the future.

In the spring of 1980, the much-talked about "age of information" arrived in the homes of 100 South Headingley residents when MTS's "home of the future" experiment, Project Ida, was officially begun.

Named Project Ida in memory of Ida Cates, Manitoba's first woman telephone operator, hired in 1882, the experiment made residents among the first anywhere in the world to receive a host of new telecommunications services in their homes.

One group of services known as videotex, connected home TV sets to stored information in distant computer banks. At the touch of a button, residents with the service could "ask Ida" for any of the information stored in the computer —including the latest stock market reports, last night's hockey game score, recipe ideas, history lessons and even video games—and have them appear on the TV screen within seconds. As well, Project Ida offered participants such new home services as automatic fire alarm reporting, automatic hydro and gas meter reading, closed-circuit television (with no commercial interruptions), stereo music on request and digital telephone service.

All this on one "electronic highway" (coaxial cable, previously used primarily to deliver cable television service) and all with the same dedication to service that the original Ida had provided her customers a century earlier.



Telecommunications by 1980 had, therefore, come full circle since the early days of the telephone when customers relied on their telephone operator not only to connect their calls, but as a source of many kinds of information. And, while the nature of telecommunications has changed dramatically over the years, the information role established by Ida Cates and her contemporaries remains an important part of Manitoba's communications heritage. Project Ida and the Elie fibre optics experiments were consistent with MTS's natural evolution as the province's principal supplier of telecommunications services.

Meanwhile, various services generated total operating revenues that have tripled since 1971 from $60 million to $198 million by 1980. The important contribution of the 4,700 MTS employees located in some 80 Manitoba communities continued to have a positive impact on the System's growth pattern and its service to customers. In addition, the regional concept, which began in Brandon in 1977, continued. The Northern Region was restructured in August and headed by Bert Suter. In September, Keith Axford became Eastern Region's first General Manager to add improved managerial presence in the areas.

Background photo: Premier Sterling Lyon places first direct dialed call overseas to London in April, 1979.

Bottom left: Computerization and new Traffic Operator Positions revolutionize long distance service.

EIGHT/MEETING THE CHALLENGE - 1980

As the Manitoba Telephone System forged into the 1980s, it embarked on the first step of a long-range goal to introduce digital switching technology throughout the province. This commitment was to revolutionize the telecommunications industry and set the stage for the host of new products and services that made their debut during the next decade.

In November, 1980, Manitoba's first digital multiplex switching equipment (known as DMS 100) was installed in MTS's 18th Street building in Brandon. The DMS 100 provided subscribers in that community with more reliable, higher-quality voice transmission, access to sophisticated data transmission services and a host of additional calling conveniences including call forwarding, speed calling and call waiting services.

The early 1980s also saw unprecedented growth in the computer industry as the price of personal computers (PC's) dropped and new technology firmly established a PC as a standard fixture in Canadian offices and homes.

To meet increasing customer demands for computer-related communications services, MTS introduced DataStream, an economical intra-provincial and nationwide data transmission service facility, in 30 Manitoba communities in January, 1981.

Later that year, Datastream was complemented by Envoy 100, a national electronic messaging service enabling customers with standard data terminals to communicate through the Datapac network.

In March, 1981, a new emergency reporting network came on stream in Winnipeg and Brandon. Known as FAST (for Fast Action Safety Team), the service enabled subscribers to use MTS facilities to quickly summon various public safety departments, alarm companies or emergency response groups.

In Northern Manitoba, telecommunications was playing a major role in forest fire monitoring in the aftermath of the unprecedented forest fire losses experienced in 1980. That year, 1,802 fires destroyed 1,270,816 acres of woodland. A comprehensive early warning communications system to locate, identify and respond to the first signs of fire in the province's woodlands was unveiled in May, 1981.

Developed by MTS and the Department of Natural Resources, the new system integrated MTS private mobile repeaters into the public telephone network. Jerry Mason, Air Operations Officer with Natural Resources and a pioneer in fire fighting, called it "an excellent system, because it allows immediate communications between those directly involved in fighting fires. Judgments and decisions on how to handle each situation are much more effective." The service has since been expanded.

Background Photo: Central officeman Wayne Hedin holds a compact line card which has replaced about 12 square feet of step-by-step equipment shown in the background. Both systems handle long distance calls from Winnipeg to more than 30 provincial offices.

Top left: Phone Centres were first opened in Winnipeg in 1976. Since then, many more have opened across the province to provide customers with easy access to their telephone shopping needs.

Top centre: Yvonne Mullings, Traffic Operator, uses the most sophisticated technology to help customers obtain fast, reliable Directory Assistance service.

Top right: Designing buddy bikes for the blind is one of the various community projects carried out by the Manitoba Chapter of the Telephone Pioneers of America as displayed here by retired employee Frank Wheeler (left) and Don Lippens of P.S. & A.E.

Background Photo: Lighting the way to the future; light travels along a hair-thin piece of optical fibre capable of carrying multiple communications signals. The largest MTS buried fibre optic cable undertaking took place in 1985 between Winnipeg and Brandon—a heavy route east-west transmission system.

Top left: Empress Street employees had an opportunity to see Prime Minister Trudeau June 3, 1981, when he visited MTS to view the alternate fuels demonstration. Four MTS vehicles running on propane or gasohol were on display for the Prime Minister's viewing interest. Discussing the MTS fuel trials with the Prime Minister are General Manager Gordon Holland (centre) and (right) Lloyd Axworthy, M.P.

Centre left: A new era in communication technology began in 1981 when the Elie-St. Eustache Optics Field Trial officially began. The trial provided 150 participants in the two rural communities with news, weather, stock market quotations, commodity prices and income tax advice. Don Schwartz fuses the piece of fibre linking the home and the outside optical fibre network.

Bottom right: The Provincial Services Control Centre (PSCC), which monitors the status of Manitoba's telephone network on a 24-hour basis from a single location, was completed in March, 1983. The PSCC greatly improved the network surveillance function.

Improving telephone service to the North remained a commitment. A $3.6 million program was begun during the year to provide regular exchange and long distance service to over 3,000 residents in 10 remote communities. A year later, in the fall of 1982, the communities of Brochet, Tadoule Lake, Lac Brochet and Shamattawa retired their radiotelephone units when long distance service via satellite was introduced. This brought a new standard of reliability and convenience to these northern communities. A year later, these satellite stations were the key to introducing another service— access to the CBC's National TV Network—to Brochet and Shamattawa.

MTS was also actively involved in extending Manitobans' access to cable television services during the 1980s by supplying facilities for cable system operators to bring a variety of programming to smaller communities and rural areas across the province. By the end of 1982, 81 per cent of all households in Manitoba had access to cable television programming through MTS facilities.

In mid-November, 1981, the Communications Workers of Canada (CWC), Local 5, was certified by the Manitoba Labor Board to represent 400 traffic operators previously represented by the IBEW. A year later, at the end of 1982, CWC Local 7 was also certified to represent some 1,000 clerical and other workers who were former members of IBEW Local 2363. The craft unit's 1,300 Plant employees continued to be represented by the IBEW and by Local 435.

Meanwhile, the public's fascination with computers continued. Computers had become necessities in many offices. In homes, they were doing everything from balancing budgets to managing burglar alarms. But, few people could foresee any applications in a transit bus.

Nevertheless, in October, 1982, MTS launched TransitCom, a computer-based communications system to provide the City of Winnipeg's fleet of 535 buses quick and constant contact with the transit system's control centre. The new system soon proved its worth. Drivers were able to summon help in times of emergency, alert dispatchers to security problems on their vehicles and even summon medical help for heart attack victims.

On June 1, 1982, MTS residential customers were able, for the first time, to legally attach their own extension telephones to the public telephone network. This change in Government policy reflected a basic shift in public attitude towards telephone service in Manitoba.

"Hello Central!"...When those words were resurrected in 1982, they didn't mean a return to the days before dial telephones. Rather, they identified a telephone service that changed the way business communicated by telephone. "Hello Central" transformed voice into digital data that could be handled and stored by a computer capable of simulating the originator's voice. As a result, messages could be sent or received by any "Hello Central" user or sent to a group of users. Users could also call "Hello Central" and retrieve messages left for them in their personal "voice-mailboxes."

"Hello Central" needed no special installations on customers' premises—just a TouchTone telephone. Its most important features were security and confidentiality.

MTS became the first telephone company in North America to offer "Hello Central" to its customers. The concept was adopted by other Telecom Canada companies under the new name "Exten" and is the basis of many voice messaging systems offered by other North American telephone companies.

The convenience of DDD was introduced to 12 more Manitoba communities during 1982, making it available to 99.6 per cent of telephone customers. Approximately 86 per cent of the long distance calls made in 1982 were placed using DDD.

On January 15, 1983, MTS observed its 75th Anniversary as a publicly-owned utility. Together, MTS employees and the Telephone Pioneers of America were involved in several events to mark the year. In March, for example, 250,000 people visited a week-long anniversary display in a major shopping mall where former astronaut Scott Carpenter was guest of honor. MTS floats and displays travelled to local exhibitions and fairs throughout the summer highlighting the anniversary.

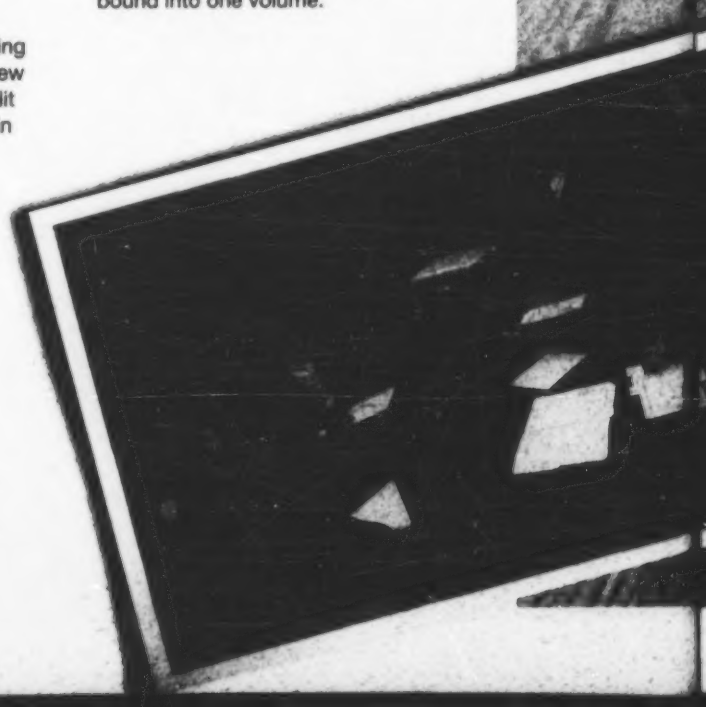
The "diamond jubilee" commemorative program earned MTS an Award of Excellence from the Canadian Public Relations Society for the techniques and planning methods used.

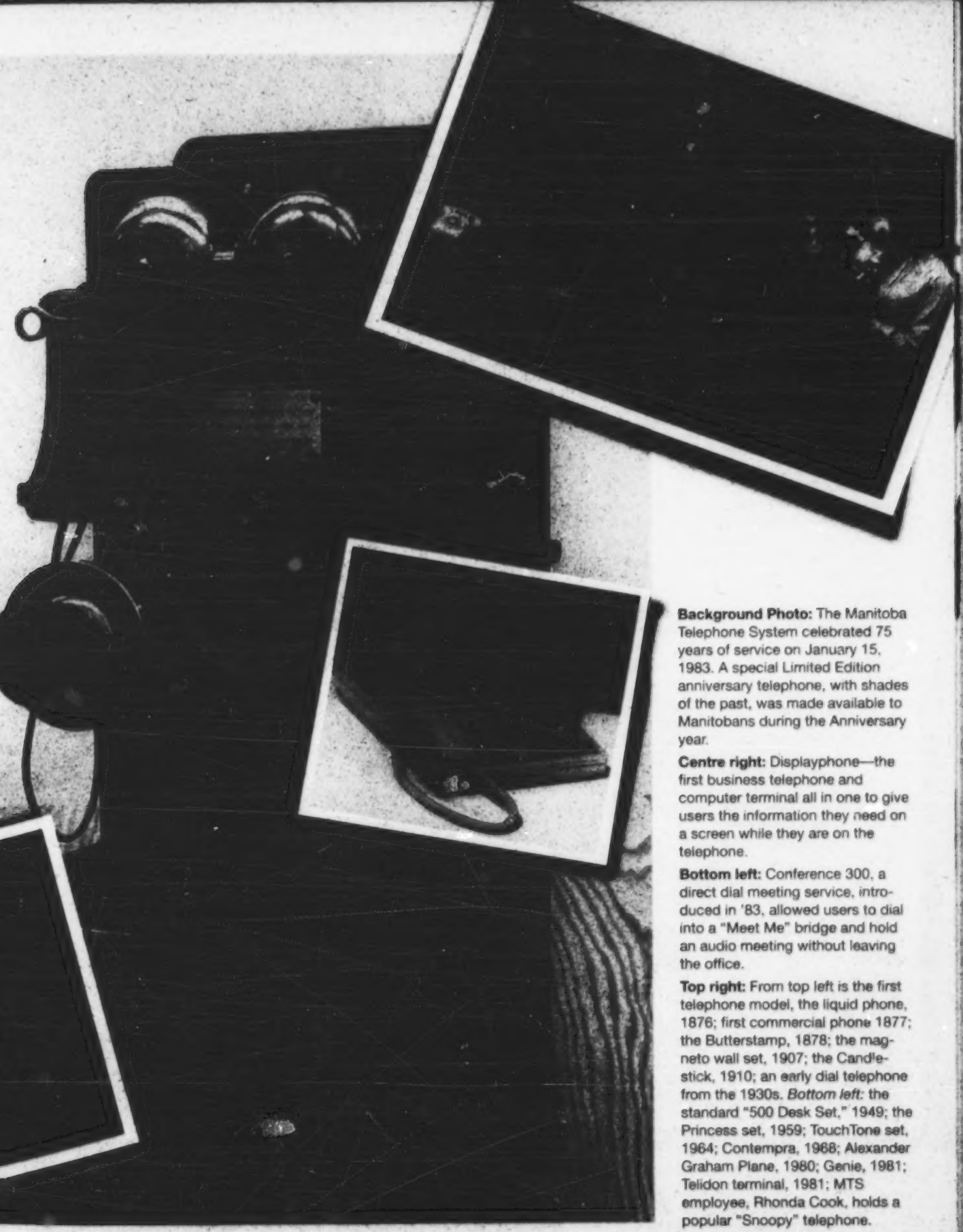
Using the Digital Multiplex Switch (DMS), in June, 1983, MTS introduced city-wide Centrex services to the federal government. As a result, in one of the largest cut-overs ever undertaken, 10,450 federal and provincial government telephone lines in Winnipeg were transferred to Centrex during the short space of one weekend on June 24, 1983.

On September 9, 1983, the 52-year-old Trans Canada Telephone System changed its name to Telecom Canada to reflect the fact member companies were no longer providing only telephone services. Announcing the change, Telecom Canada President Doug Sloane explained the companies needed "a new national identity to depict more accurately their collective status as the provider of coast-to-coast voice, data and image transmission services."

Changing times and changing conditions were also setting new directions for the Decibel Credit Union which was established in 1949 with only 10 members and 10 one-dollar shares. In December, 1983, the credit union declared assets of $13.5 million and 4,235 members. Decibel, in its 34 years, had also expanded from one part-time staff member in the Main Street McIntyre Block back in 1949 to offices in the Polo Park shopping complex and the Bestlands Building with a staff offering a wide range of services including personal chequing and savings accounts, loans and mortgages.

As the 1980s progressed and the city grew, the Winnipeg telephone directory had become too bulky and awkward to handle. As a result of the tremendous growth of the Yellow Pages, it was decided to separate the White and Yellow pages into two volumes. The wisdom of that decision was quickly demonstrated. The '84 White Pages volume weighed in at only 885 grams—hardly light reading but, a considerable improvement over the more than two kilogram load subscribers were forced to heft when both directories were bound into one volume.





Background Photo: The Manitoba Telephone System celebrated 75 years of service on January 15, 1983. A special Limited Edition anniversary telephone, with shades of the past, was made available to Manitobans during the Anniversary year.

Centre right: Displayphone—the first business telephone and computer terminal all in one to give users the information they need on a screen while they are on the telephone.

Bottom left: Conference 300, a direct dial meeting service, introduced in '83, allowed users to dial into a "Meet Me" bridge and hold an audio meeting without leaving the office.

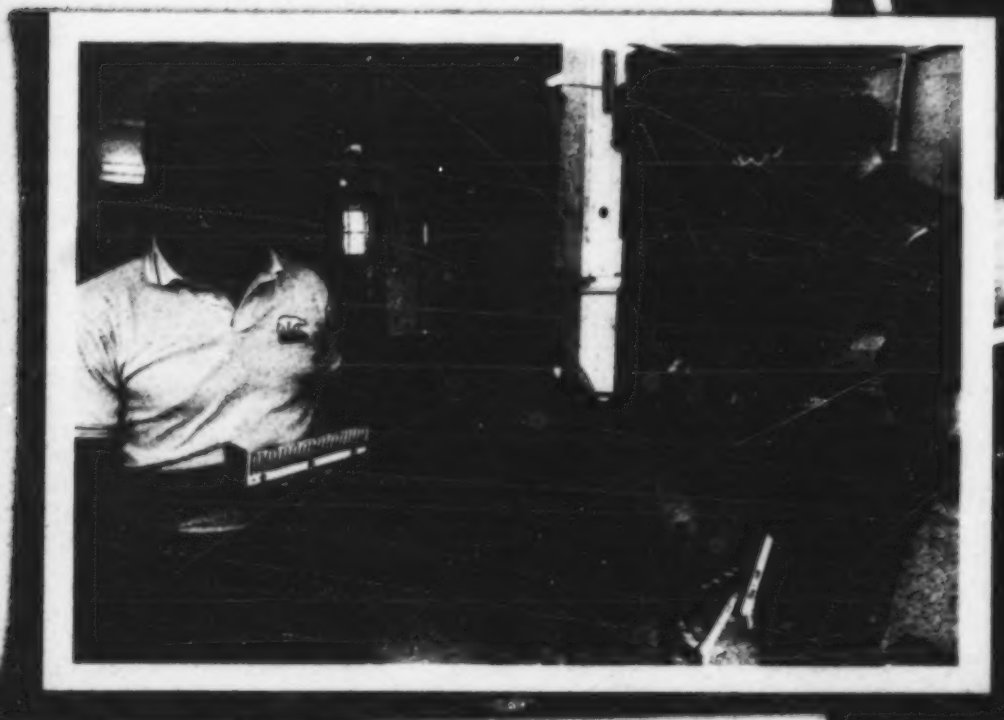
Top right: From top left is the first telephone model, the liquid phone, 1876; first commercial phone 1877; the Butterstamp, 1878; the magneto wall set, 1907; the Candlestick, 1910; an early dial telephone from the 1930s. *Bottom left:* the standard "500 Desk Set," 1949; the Princess set, 1959; TouchTone set, 1964; Contempra, 1968; Alexander Graham Plane, 1980; Genie, 1981; Telidon terminal, 1981; MTS employee, Rhonda Cook, holds a popular "Snoopy" telephone.

MTS continued to broaden the availability of cable television services. Manitoba's cable television operators use the Company's local coaxial cable networks. In some cases, MTS satellite receiving dishes were also used to provide these services to more remote communities.

In January, 1983, pay TV came to Winnipeg. MTS signed an agreement with Videon Cable TV Limited to provide facilities permitting Videon to add a pay television channel to their service area in Winnipeg, west of the Red River. Two years later, MTS negotiated a similar agreement with Greater Winnipeg Cable TV Limited to extend pay TV channel capabilities throughout GWCL's operating area, east of the Red River.

Providing telecommunications services to a province as diverse and extensive as Manitoba presents a never-ending series of challenges. At the same time, MTS people are also regularly confronted with extraordinary assignments. Two that will live long in the memories of those involved were the September 16, 1984, visit to Winnipeg of Pope John Paul II and, one month later, on October 4, the visit of Queen Elizabeth II.

The highlight of the Pope's visit was a Celebration of Mass at Bird's Hill Provincial Park (24 kilometers north of Winnipeg) attended by an estimated crowd of 125,000. MTS was there to make sure that the Pope's message reached thousands of people who were unable to be there but, wanted to share in the moment.



Background Photo: Actor Larry Mann (seated) visited with MTS during the 75th anniversary. Larry, seen here with Morden employee Gerry Will, is well known for the promotion of Telecom Canada and MTS through advertising.

Centre left: The launching of space shuttles in the early '80s enabled scientific space experiments to further enhance telecommunications. *NASA Photo*

Bottom left: Western Region's new training centre, now established in Brandon, provides both classroom and hands-on training facilities as well as special instruction for new employees and apprentices. Here Victor Soroka, line/cable apprentice (left), and Doug Beamish, cable splicer of Dauphin, set up a pedestal splice with modular connectors.

Top right: Manitoba Premier Howard Pawley signed a proclamation on January 10, 1983, declaring the week of January 10th to 15th Manitoba Telephone System week in honor of its birthday.

Bottom right: Ken Funk, Marketing, points out that the Mitel Superswitch can be the answer for small business communication. The console can serve up to 100 telephone sets in one building.

During Queen Elizabeth's 69-hour stay in Manitoba, Her Royal Highness participated in ceremonies in Winnipeg, Dauphin, Brandon, Selkirk and Dugald. Once again, MTS was on hand to provide telecommunications links for Royal Tour organizers and the media.

While the visits of world leaders, both temporal and spiritual, dominated local headlines that Fall, MTS managed to squeeze in a little of its own history on September 19, when it officially opened the new Business Centre at Empress Street.

Speaking at the ceremonies, Barry Deakin, Director of Marketing at the time, said, "MTS has moved to provide business customers with

Background Photo: Some 150 people attended the Eastern Region Pole line dedication ceremony in Austin, September, 1983. Pictured unveiling a bronze plaque commemorating the occasion are (left to right): Terry Farley, Ed Tinkler, Eugene Kostyra, William Early, museum chairman; Gordon Holland and Linda Kutcher.

Left: A 1928 Pontiac truck recently restored by life members of the Telephone Pioneers for display and use at special community events.

Centre left: The unique E99 Silicon Chip, which considerably reduced the physical size of switches, is the type used by MTS in line cards for its DMS 100 switching facility. *Photo courtesy Northern Telecom.*

Bottom left: News clipping from *Portage Graphic* in the fall of '83 sees United Nations commend MTS for museum donation.

Centre right: A visit from a former NASA astronaut was the highlight of the festivities held during MTS's 75th year. Welcoming astronaut Scott Carpenter to the unique anniversary display at Polo Park are Harry Restall (left), Traffic Operations and Services Manager along with Bill Krawetz (right), Public Relations Manager.

Bottom right: The opening of the Core Area Playground in downtown Winnipeg in 1983, was the culmination of many volunteer hours by Winnipeg Telephone Pioneers. Left to right are Tom Downie, Harold Hobbs, Gordon Holland, Bob Tinkler, Roy Esslemont, Bob Vannevel, Steve Hanchuk, Larry Clark, Joe Pondo, Ellen Vine, Bob Nelson and Rae Chalmers.

the same convenience, accessibility and service that residential customers enjoy in the Phone Centres."

Occupying over 3,500 square feet, the new Centre featured hands-on displays, training rooms, customer services and administration offices plus teleconferencing and video conferencing studio services. The products represented the latest in technological advances.

Recognizing the importance of Winnipeg to the Manitoba economy, MTS launched a 10-year "Action Winnipeg" program, a major network upgrading with an estimated cost of $142 million which included converting the entire city to digital switching by 1995.

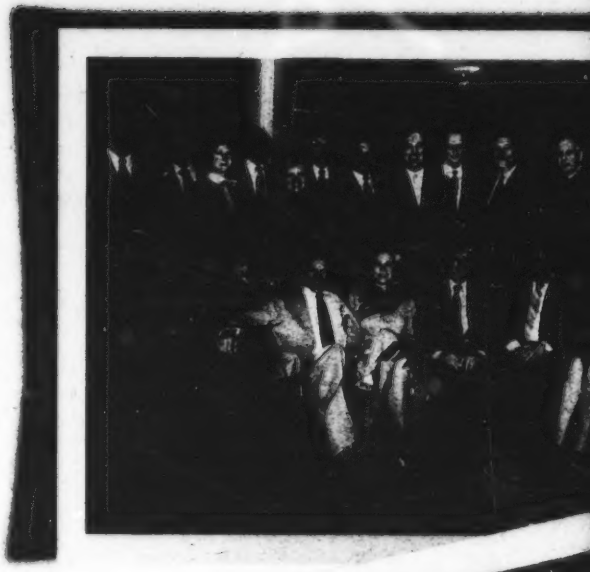
In February, 1986, MTS launched its largest fibre optics program, a $13 million 330-kilometer network between Winnipeg and Brandon to replace the microwave system that had carried long distance traffic through Manitoba and across Canada for over 30 years. The new fibre optics cable system contained 12 fibres capable of carrying more than 30,000 conversations simultaneously.

At the same time, plans were announced for a coast-to-coast fibre optic network to be built by Telecom Canada members. Manitoba's portion of this joint undertaking would require the placement of some 700 kilometers of cable with work starting in 1987.

Prior to his resignation from the MTS Board in 1985, Chairman Saul Miller described the Manitoba Telephone System as:

"...having a long and rich history of challenge and response, of trial and triumph, of commitment and service. Reaching back to the early years of this century, it coincides with the modern growth and expansion of Canada. MTS' history in many ways reflects and parallels the history of Manitoba."

That tradition of challenge, commitment and service continued to motivate the company as it entered an era of unprecedented change, critical public scrutiny, new leadership and a renewed commitment to providing Manitobans, regardless of where they live, with outstanding service and superior telecommunications products.



Background Photo: Region Manager-Western, Doug Delgatty of Brandon captures Mr. MTS honors at the 75th Anniversary employee picnic in June.

Top left: A Company-wide representation of hard working 75th Anniversary Committee members at the windup on December 5, 1983.

Bottom left: At the appreciation windup on December 5 Chairman Saul Miller and General Manager Gordon Holland placed historical information and anniversary memorabilia in a "time capsule" to be opened when MTS reaches its 100th birthday in the year 2008.

Top right: Manitoba's Lieutenant-Governor, Pearl McGonigal, sports a 75th Anniversary scarf and admires the matching toque presented to her by Anniversary Committee Chairman, Robert Drain.

Centre: A day's work is not always a picnic or a special celebration for Eastern Region's Terry Davidson, a line station installer repairman for the Lundar area. But, providing top rural customer satisfaction, makes his job one of the best in the Region.

NINE/TOWARD TOMORROW'S TECHNOLOGIES

In 1881, a *Winnipeg Free Press* article predicted "a time, not far distant, will come when a growing civilization will require the telephone in every business, office and home." By 1985, that prediction had come to pass. Almost all Manitobans, except for some in very remote areas, had access to basic telephone service and innovative telecommunications technologies were shrinking the distances between communities.

In March, 1986, MTS joined forces with Eaton's to bring its customers one step closer to the office of the future. It introduced iNet 2000, a sophisticated data transmission service that enabled Eaton's computer terminals across the country to obtain on-line information, send and receive text messages, transmit data and order products.

MTS was active in the health-care field, too, with new telecommunications technology to provide a special audio-visual link between Brandon and Winnipeg. Undertaken in cooperation with the Manitoba Department of Health, the link put patients at the Brandon Mental Health Centre in touch with psychiatrists and other specialists at Winnipeg's Health Science Centre.

On March 25, 1986, MTS reached another telephone milestone when the 500,000th main telephone set was installed at Smitty's Family Restaurant in Dauphin.

The Winnipeg Chamber of Commerce's Business Show in May provided the opportunity for MTS to spotlight one of its latest offerings in high-tech business—video-conferencing. The company opened the show with a video-conference link between Chamber of Commerce President John Doole in Winnipeg and the Federal Minister of Tourism, the Honourable Jack Murta, in Ottawa.

On June 11, the National Telephone Pioneers of America celebrated its 75th Anniversary. Membership then totalled over 600,000, making it the world's largest voluntary association of industrial employees.

There were changes in corporate philosophy within the company as well. MTS's reputation as a innovator in employment equality, a tradition which began in 1882 when Ida Cates broke the "male barrier" and became Manitoba's first female telephone operator was once again demonstrated. In September, 1986, MTS began to implement pay equity, basing wages on the value of the work performed, regardless of the gender of the person performing it.

Meanwhile, the sands of Saudi Arabia were creating a storm in Manitoba. On August 19th, 1986, the Honourable Al Mackling, Minister responsible for the Manitoba Telephone Act, commissioned the accounting firm of Coopers and Lybrand to undertake a management audit into MTX, a subsidiary established in January, 1982, to address business opportunities outside of Manitoba. As details of the investigation into MTX activities emerged in the media, public attention focused more heavily on MTS than at any other time in the corporation's history.

Following his resignation several days earlier, Al Mackling released the Coopers and Lybrand audit.

In addition to requesting and receiving the resignations of Gordon Holland and Executive Vice-President Glover Anderson, Mr. Mackling announced that Don Plunkett, president of MTX, Maurice Provencher, vice-president Finance MTS, and Mike Aysan, the former general manager of SADL (Saudi Arabian Datacom Ltd.) had their employment terminated.

Background Photo: Pope John Paul II acknowledges applause of Manitobans while on his Papal Visit to Winnipeg on September 16. Extensive communication links were provided by MTS for the 1984 visit. *Photo courtesy Winnipeg Free Press.*

Bottom left: Jack Quail, Marketing, tests coin telephones in a special trailer designed to meet the needs of the large number in attendance at the Papal mass site.

Top right: While world leaders dominated the local headlines, MTS took time out to make its own headlines. A new Business Centre at 489 Empress Street was opened in September, 1984, featuring a Videoconferencing studio. The modern facility, enables participants to verbally and visually meet with their counterparts across Canada and the U.S.A.

Bottom right: Installer Jean-Paul Fillion, Plant Dept., makes necessary connections for communication facilities as Papal Visit planning was arranged well in advance at Birds Hill Park.

Background Photo: Her Majesty Queen Elizabeth II waves to an enthusiastic crowd during her October visit to Manitoba. MTS people played a major role throughout the tour. *Photo courtesy Winnipeg Free Press.*

Bottom left: Unless you are trying to get a better view of a royal tour, pole climbing isn't done as often today. But it's still a necessary part of apprentice Shawne Peterson's training program. Shawne, a Western Region Service Rep. in Brandon, turned construction worker in the mid-80s and enjoys the challenge and new opportunity.

Bottom centre: Service reps. have CLASS fit for a Queen. Through the latest technology Patti Greer and other Service reps. now quickly access and update customer information on a Customer Line and Service System (CLASS) terminal instead of using paper records.

Right: Providing royal treatment to northerners is often all in a day's work. In the Region air travel is a necessary part of installation work for Jim Spence of Thompson as he meets his customers' needs.

On November 21, Edward J. Robertson, previously Deputy Minister for Manitoba Industry, Trade and Technology, was appointed Acting President and Chief Executive Officer, replacing Gordon Holland. He established his first oriority as dealing with the recommendations made in the Coopers and Lybrand report. Mr. Robertson expressed what many employees were already feeling. "This is a difficult and trying time for MTS, its management and its employees alike," Mr. Robertson said. "The process of winding-down MTX operations in Saudi Arabia has already begun." Financial mismanagement had sealed its fate.

It was indeed a difficult time. MTS Chairperson Jean Edmonds reflected on the MTX affair in MTS's 1986 Annual Report:

> *"The write-off of $27.1 million of accumulated and prospective losses attributed to the MTX subsidiary, which is a regrettable feature of this report, should be viewed in the perspective of the 78-year history of the Manitoba Telephone System and its continuing ability to provide the people of Manitoba with excellent telecommunications service at low cost."*

On August 18, 1987, Gary Doer, the new MTS Minister, announced that Paul G. Thomas, a professor in the Department of Political Studies at the University of Manitoba, was appointed MTS's 10th Chairman since 1908 replacing Jean Edmonds. And, on September 28, Reg Bird, previously General Manager of 'edmonton telephones' was appointed President and Chief Executive Officer succeeding Ed Robertson.

"Mr. Robertson," the Honourable Gary Doer said, when announcing the appointments, "was given a challenging task and has performed in an exemplary fashion." The reference, of course, was to the previous year's MTX affair and it heralded a new era of corporate rebuilding and a new spirit of management accountability within the organization.

MTS set about to re-affirm its reputation for service excellence by introducing a variety of services, many of which took advantage of the reliability and flexibility offered by digital switching technology and fibre optics transmission systems (FOTS).

Just as digital switching opened new vistas of telecommunications speed, versatility and reliability a decade before, fibre optics, thinner than a human hair, were also revolutionizing telecommunications transmission systems. Towards the end of 1986, MTS construction crews had begun fibre optic cable installation on the Manitoba portion of Canada's first coast-to-coast fibre optics transmission network. The 7.000 km cross-Canada project would eventually replace the familiar microwave relay towers that dotted the Canadian landscape. Manitoba's cost was set at $24 million, shared jointly by MTS and Telecom Canada.

An era came to a close January 30, 1987, when the main MTS switchboard on the fourth floor of the Portage Avenue East Building, the last remaining manual board in Winnipeg, was cut-over to modern type equipment located in the Fort Rouge building. A section of the old "cordboard" was saved by the Manitoba Chapter of the Telephone Pioneers of America for historical display.

February saw MTS reach another milestone in residential TouchTone™ performance when it achieved 50 per cent market penetration, the highest of any Canadian telephone company. Later that month, the company implemented the "Between Friends" Canada and U.S. program, to further encourage long-distance usage in North America.

The Telephone Pioneers, Chapter 50, continued work to develop communications tools for people with disabilities by introducing the Bliss Scroll Table, an advanced graphics communication system that lets non-speaking individuals "talk." Invented by MTS employees Werner Becker and Lawrence Chester, the Bliss Table was the first of its kind in North America.

The year 1987 had been one of progress both in residential and business services. Sophisticated business systems such as TradeRoute™, Exten™ and Datapac 3000 dial were introduced. New digital switching technology, provided nearly 15,000 customers in 23 smaller communities across the province and 17,400 subscribers in Winnipeg access to such conveniences as call forwarding, call waiting and speed dialing.

On January 15, 1988, MTS reached its 80th Anniversary. It was a time for celebration, but it was also a time for quiet introspection. Results of an Angus Reid and Associates survey on customer satisfaction were published. The survey, encompassing 800 residential and 600 business customers, plus 51 'key account holders,' revealed a majority rated MTS's service as its greatest strength. All three groups rated reliable service, accurate billing and product selection as the company's greatest strengths. Rate increases, long-distance rates and Yellow Pages advertising cost were the most frequently-cited reasons for dissatisfaction. As a result of the survey, a number of Customer Care programs were implemented to encourage more personalized service, improve response times and ensure a greater emphasis on employee development in customer relations skills.

In March, 1988, MTS's Northern Region, encompassing 21,000 customers, 31 exchanges and covering 500,000 square kilometers, became the first of the three provincial regions to enjoy universal Automatic Number Identification (ANI).

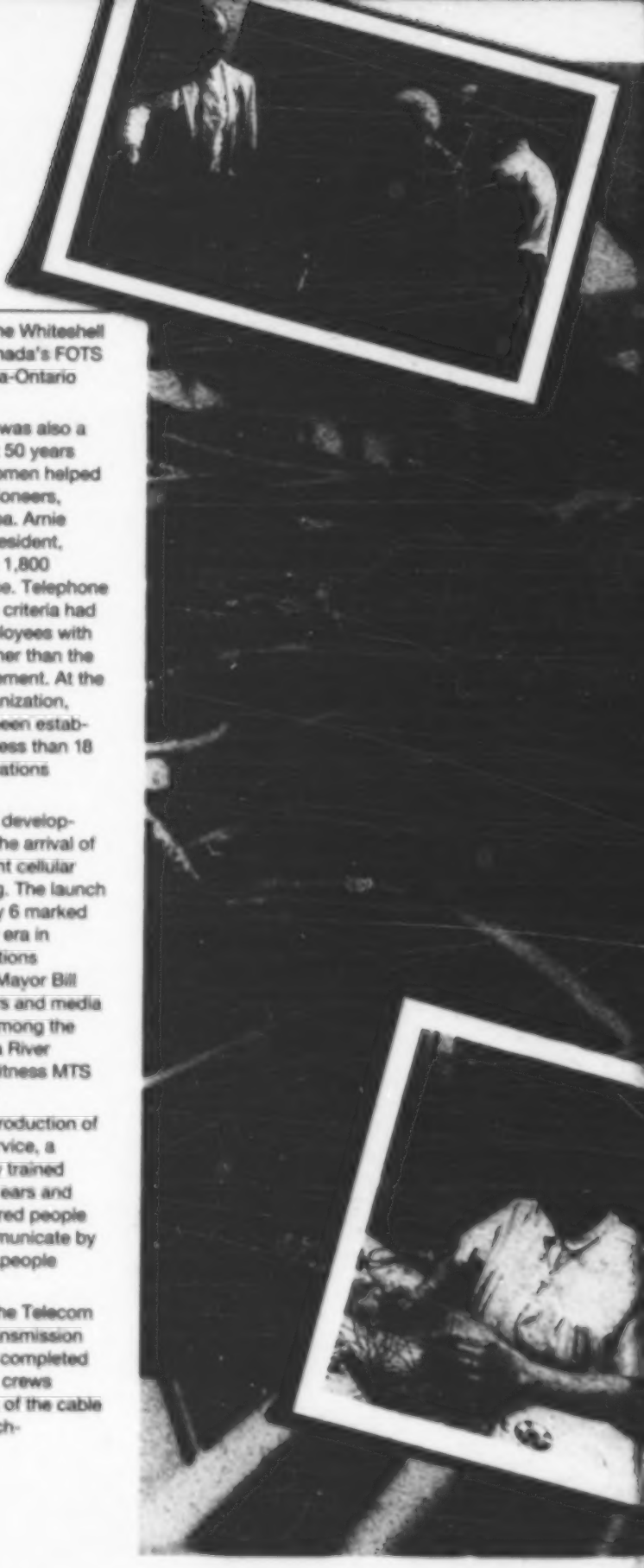
By April, MTS construction crews were laying the final portion of MTS's fibre optic cable through the rugged terrain of the Whiteshell to link up with Bell Canada's FOTS portion at the Manitoba-Ontario border.

The spring of 1988 was also a pleasant reminder that 50 years before, 71 men and women helped establish Telephone Pioneers, Chapter 50, in Manitoba. Arnie Schlippert, Chapter President, placed membership at 1,800 throughout the province. Telephone Pioneers' membership criteria had changed to admit employees with 18 years of service rather than the original 21-year requirement. At the same time, a new organization, Future Pioneers, had been established for people with less than 18 years of telecommunications industry service.

Another major MTS development that Spring was the arrival of portable and convenient cellular technology in Winnipeg. The launch of MTS Cellular on May 6 marked the beginning of a new era in mobile telecommunications technology. Winnipeg Mayor Bill Norrie, business leaders and media representatives were among the guests invited aboard a River Rouge cruise ship to witness MTS Cellular's inauguration.

June marked the introduction of the Manitoba Relay Service, a concept using specially trained operators to act as the ears and voice for hearing-impaired people to enable them to communicate by telephone with hearing people anywhere in the world.

MTS's link-up with the Telecom Canada Fibre Optic Transmission System was effectively completed on July 29, 1988, when crews spliced the final portion of the cable together in the Steinbach-St. Anne area.



Background Photo: Craftline apprentice Brian Cowell of Equipment Installation Services, tests the refurbished and newly installed 3CL switchboards at the System's Fort Rouge building.

Top left: A Telephone Pioneer 50th anniversary project, suggested by Raymond Mills of Stonewall, became a reality when a retired dial office from the Tilston area was donated to the agricultural museum in Austin. Participating in the ribbon-cutting on June 9, 1988 were from left: Eastern Region Manager Ed Tinkler, Selkirk, area rep. Rod Demoline, Portage la Prairie, former Chief Operator Effie McLean, Brandon, and museum Administrator Terry Farley of Austin.

Bottom left: Rewiring cable on the 3CL switchboards, to accommodate the modern digital switching system and provide extensive operator versatility, is Rosabelle Rebenque of the Electronic Repair Shop.

Bottom right: Employees Werner Becker (left) and Lawrence Chester (right) designed the Bliss Scroll Table, the first in North America, to help non-speaking youngsters and adults to "talk." To communicate a user points to symbols arranged on an electronic display board to produce a full sentence. Here a cerebral palsy student and his teacher at Winnipeg's St. Amant Centre use and enjoy the unique invention.

On September 28, the people of Shamattawa and six other northern communities received telecommunications service via SpaceTel, a satellite system which links stations in the local communities to Winnipeg and from there to MTS's regular telephone network.

September was also the month the provincial government announced "Service for the Future." The program was described as the biggest project undertaken by the company in its 80-year history. The seven-year program had as its major goal the elimination of all 47,000 multi-lines in Manitoba by 1996, the establishment of a Special Needs Centre for Manitobans with physical disabilities and the development of Community Calling service, which would reduce, from 160 to 60, the number of toll-free calling zones in Manitoba. As well, MTS announced the first phases of inter-provincial long distance rate reductions planned for the future.

By December, 1988, the first phase of MTS Cellular's provincial network was completed. Subscribers were able to enjoy uninterrupted service throughout an area from Lake of the Woods to the east to communities 25 miles west of Brandon and from the Lake Winnipeg beaches to the U.S. border. By year end, over 75 per cent of Manitoba's population had access to MTS Cellular service.

As MTS's 80th Anniversary year drew to a close, the company reaffirmed its long-standing commitment to service with a new Corporate Mission statement:

"To meet the telecommunications needs of all Manitobans with the right solutions, outstanding service, and superior products."

In addition, the importance of this commitment was affirmed with six corporate goals:

- To provide customer satisfaction
- To be financially responsible and self-sufficient
- To pursue market opportunities aggressively
- To provide equal opportunities and an environment which develops employee competence, commitment and satisfaction
- To be a good corporate citizen
- To keep the public well informed

In his summary in MTS's 1988 Annual Report, President and Chief Executive Officer Reg Bird elaborated on the importance of the Mission and Goals Statements:

"As a Crown Corporation, we are accountable to the people of Manitoba. We recognize that obligation. And, to constantly remind ourselves of it, we created a Mission Statement and a series of Corporate Goals which guide the corporation in its daily operations.

"The Mission and Goals Statements are the benchmarks against which we measure our corporate performance. They represent our commitment to providing outstanding service to the people of Manitoba."

Background Photo: In September '88 the new mobile Cellular service was launched in the Steinbach area. President Reg Bird (left) and Glen Findlay, Minister Responsible The Telephone Act, welcome Steinbach to the new service with a special plaque presented to Mayor Ernest Friesen.

Bottom left: Winnipeg's Mayor Bill Norrie receives the first Cellular phone call from Don Reimer of Reimer Express, the first Cellular subscriber, on May 6, 1988 using a portable mobile Cellular telephone, officially introducing the convenient MTS service to the nationwide network.

Bottom right: Community-minded members of the Brandon Council, Telephone Pioneers, show they care during a Pioneer 50th anniversary presentation. Alvin Taft (left) and Alderman Ross Martin of Brandon take part in a ribbon cutting function dedicating new playground equipment for local youngsters.

That commitment charts the direction for MTS in 1989, a year that saw renewed focus on rural service improvements, significant reductions in out-of-province long distance rates and clear evidence that improved service and strong financial performance can go hand-in-hand.

January, 1990 did more than welcome in the new year and the new decade. MTS would have a new corporate image. The result was a new logo, more in tune with the 1990's, underlining the fact that MTS offers much more than telephone service. To complement the "new look" and provide customer's peace of mind, the Company introduced distinctive "business dress" for all employees who have direct personal contact with MTS customers.

Describing the new corporate identification program, to be phased in over the next two years, President Reg Bird commented on the future face of the telecommunications industry:

> *"Information,"* he said, *"is replacing energy as the driving force of the economy. The exchange of information—voice, data and image communications—is our business. The time is right for a new logo and a new look and to renew our commitment to providing superior products and outstanding customer service."*

"Service for the Future" continued to set the pace of MTS activities across the province in 1989. It was a year which saw the official inauguration at Darlingford, Manitoba, on November 2, of the company's $233 million Individual Line Service (ILS) program to eliminate all multi-party service; the official opening in June of the MTS Special Needs Centre in Winnipeg to provic[illegible]eople with hearing, speech and motion disabilities access to the telephone network; and continuing progress across Manitoba to convert all exchanges to digital technology.

On August 18, 1989, The Honourable Glen Findlay, Minister responsible for the Manitoba Telephone Act, appointed Tom Stefanson, Chairman of the Board of Commissioners replacing Paul Thomas.

Within days of his appointment, the new Chairman and the Board were considering the implications of a Supreme Court of Canada

Background photo: Burying fibre optic cable near the Trans-Canada highway. The cable system was completed from Saskatchewan to the Ontario border across southern Manitoba during 1988 and forms part of the Vancouver to St. John's Telecom Canada Fibre Optic System.

Bottom left: Brochet was among many Manitoba Communities to receive switches when the Spacetel satellite was introduced during 1988. A ceremony marked the old and new era with Northern Region vice-president Ted Scoles of Thompson presenting former Brochet radio agent Father Darvaux with a modern telephone mounted on the side of an old AM radio.

Top right: Paul Moore and Kim Middlestead of C.I.S., at Empress Street headquarters, demonstrate how on-line terminals used in 1989 have changed the lives of MTS employees since the introduction of machine accounting in 1954.

ruling that the Federal Government had jurisdiction over telecommunications in Canada. This judgement put into question the status of the provincial Crown-owned telephone companies in Manitoba, Saskatchewan and Alberta and the authority of provincial agencies to regulate rates and telephone services in those provinces.

In Canada, the business community continued to press for more competition within the telecommunications industry, particularly in the area of long distance services. Canadian policymakers generally adopted a "wait and see attitude" while telephone companies and their regulators reviewed pricing structures and re-examined the cross-subsidization of various services to maintain reasonable basic rates according to a community's size rather than the actual cost of providing service.

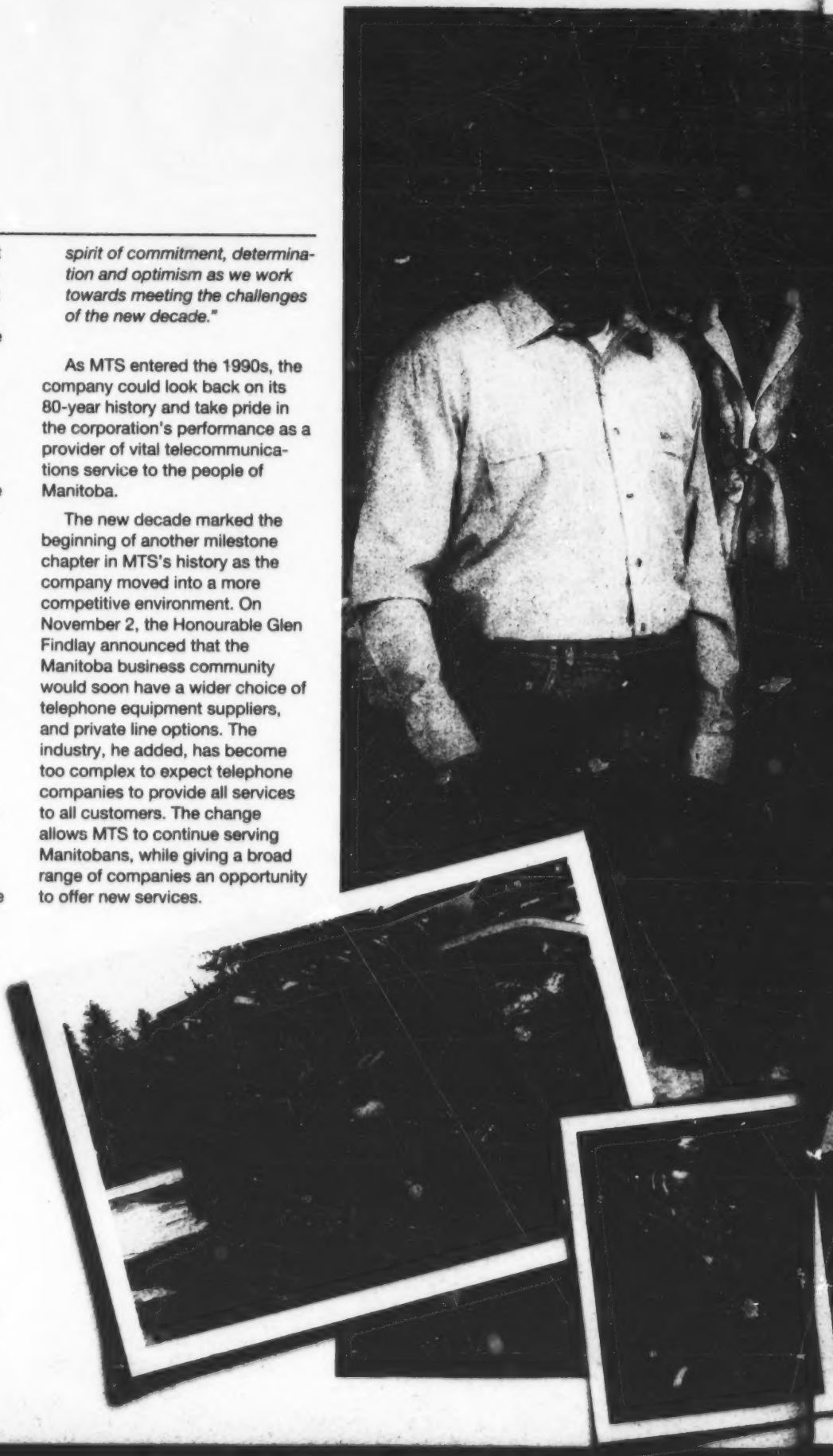
In October, 1989, the Federal Government tabled a Bill to amend The Railway Act and remove the immunity from federal regulation enjoyed by Crown-owned provincial telephone companies. Were the Bill to pass, these corporations would fall under the jurisdiction of the Canadian Railways and Transportation Commission (CRTC). MTS Chairman Tom Stefanson commented on these developments in the Corporation's 1989 Annual Report:

"With the arrival of the 1990s, the Manitoba Telephone System enters the most challenging decade in its history. The telecommunications industry is experiencing a period of rapid technological advancement. At the same time, the environment in which it operates is changing rapidly....

"Based on past performance, I am confident all MTS employees will continue to reflect a spirit of commitment, determination and optimism as we work towards meeting the challenges of the new decade."

As MTS entered the 1990s, the company could look back on its 80-year history and take pride in the corporation's performance as a provider of vital telecommunications service to the people of Manitoba.

The new decade marked the beginning of another milestone chapter in MTS's history as the company moved into a more competitive environment. On November 2, the Honourable Glen Findlay announced that the Manitoba business community would soon have a wider choice of telephone equipment suppliers, and private line options. The industry, he added, has become too complex to expect telephone companies to provide all services to all customers. The change allows MTS to continue serving Manitobans, while giving a broad range of companies an opportunity to offer new services.



The Chairman, Tom Stefanson, in a letter addressed to all business customers in the province stated:

"...MTS will continue to offer these services the way we have done for more than 80 years. As a result of this new policy, the business community will be able to continue to lease the services that we now provide. Or, ...purchase this equipment at some time in the future from MTS or some other equipment vendor." He went on to say: *"I believe that these changes represent an important step forward for MTS into an era where a broad range of companies can offer new and innovative services. We will continue our goal of providing world-class, high quality service to all Manitobans."*

Background Photo: In January 1990, a new corporate logo and business dress were adopted. Featuring the modern symbol, the attractive outfits are in tones of grey and blue and are modelled here by employees (left to right) Al McBride, Heather Daley, Fred Sutton and Jocelyn Ross.

Bottom left: Field Service Technician Brenda Gareau, Customer Services, of Gull Lake, with a new van displaying the modern MTS logo.

Centre: Chairman Tom Stefanson says with the arrival of the 90s MTS is entering the most challenging decade in its history.

Right: President and CEO Reg Bird, in the 1989 Annual Report, said that the skills, talents and dedication of the men and women employed within MTS are the key to our success.

A new decade begins, but the tradition continues. MTS's tradition: a history of dynamic growth, tempered with a sense of social responsibility; a reputation for technological advancement balanced by a respect for the past; and, an on-going commitment for customer service and efficiency while, at the same time, retaining a human perspective.

Most of all, its history is the story of people—some 5,400 individuals performing countless duties in over 80 communities throughout the province—truly "People of Service."

Today, electronic highways, satellites, fibre optic networks, conference calling, cellular telephones and computers are symbols of change in an industry where well over half the telecommunications products being used today were unavailable 10 years ago. These symbols are indicators of a way of life which will be dramatically different from the present.

Could Alexander Bell have foreseen all this when he first sketched the outline of his invention that lazy summer in Brantford, Ontario, in 1874?

Probably not! But Bell would surely be the first to approve the advances that have taken place in an industry he set in motion.

"Don't keep forever on the public road, going only where others have gone. Leave the beaten track occasionally and dive into the woods. You will be certain to find something you have never seen before. Of course, it will be a little thing, but do not ignore it; one discovery will lead to another, and before you know it you will have something worth thinking about to occupy your mind. All really big discoveries are the result of thought."

—Alexander Graham Bell.

HIGHLIGHTS-TELECOMMUNICATIONS IN MANITOBA

1877 - First two Manitoba telephones installed in Winnipeg by Horace McDougall.

1881 - McDougall sells his 26-customer telephone company to the Bell Telephone Company.

1882 - Ida Cates becomes Manitoba's first female telephone operator and became known as the "Voice with a Smile."

1887 - First long distance line in Western Canada placed in service between Winnipeg and Selkirk.

1905 - Frances Dagger of England emigrated to Canada as a telephone expert.

1908 - Telephone system in Manitoba becomes a public utility on January 15.

1917 - Manitoba's first dial telephones installed in Brandon.

1920 - Dial conversion program begins in Winnipeg.

1921* - The name "Manitoba Government Telephones" changed to Manitoba Telephone System.

1922 - Alexander Graham Bell dies on August 2, at the age of 75.

1926 - Winnipeg becomes first city of its size in North America to have completely automatic dial service.

1931 - Trans-Canada Telephone System formed.

1938 - Telephone Pioneers—Chapter 50 established in Manitoba.

1948 - Radio terminals are opened at Gimli and Norway House to serve the North.

- Radio CKY and CKX cease MTS link.

1949 - The extension of dial facilities to the rural areas of Manitoba begins.

1952 - Introduction of Operator Toll Dialing in Winnipeg, Brandon and various other toll centres.

1954 - First machine accounting system established.

1955 - 200,000th telephone in Manitoba installed in Brandon.

- Conversion begins in Winnipeg on a two-letter plus five-number "numbering" plan.

1957 - Manitoba section of Trans-Canada microwave network carrying network television is completed.

1958 - Radio relay network to Flin Flon completed.

1959 - 999 emergency service established in Winnipeg.

1961 - All Number Calling (ANC) introduced in Grunthal in June.

1962 - 300,000th telephone in Manitoba installed in Winnipeg on February 21.

- New MTS Board of Commissioners formed.

1963 - New Administration Building on Empress Street in Winnipeg is completed.

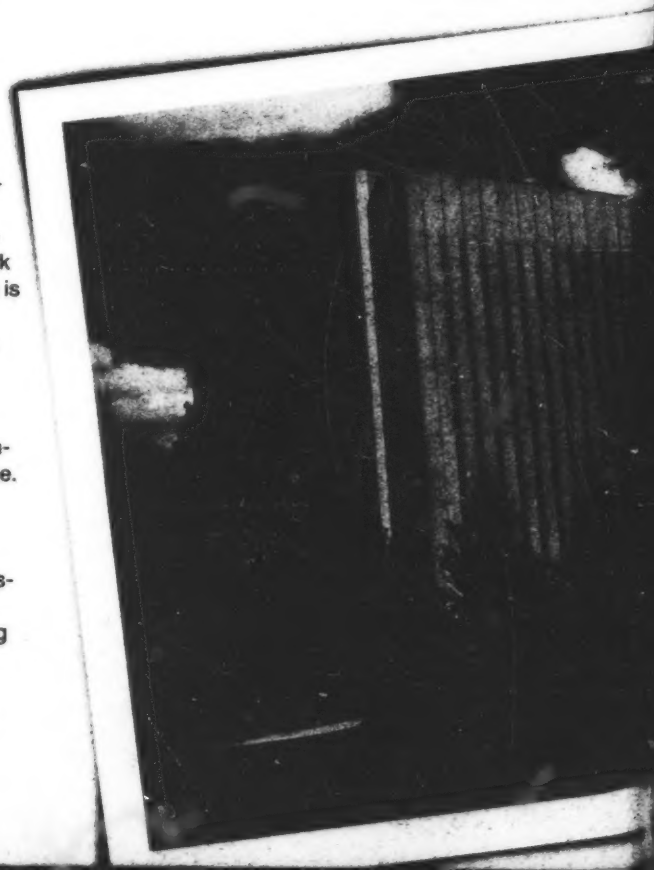
- Winnipeg ANC conversion starts in June, 1963, with completion in 1968.

1964 - ANI/ONI make debut in Winnipeg in preparation for Direct Distance Dialing.

1965 - DDD introduced in Metro Winnipeg.

1966 - DDD introduced in Dugald, Anola, Hazelridge, Lorette, and Oak Bank on January 18.

1969 - 400,000th telephone in Manitoba installed in Thompson.



* The Goldenberg Commission Report of 1940 says that when J. E. Lowry was appointed telephone commissioner on February 11, 1921, one of his first duties was to change the name "Manitoba Government Telephones" to "The Manitoba Telephone System." However, he appears to have made the change without seeking formal approval. Acting on a recommendation of the Commission, the Government officially changed the name in 1940 by an amendment to the Manitoba Telephone Act.

1970 - MTS begins supplying its service to customers of the Rural Municipality of Wallace, the last municipally-owned telephone system in the province.
- In November Brandon adopts 999 service.

1971 - MTS announces construction of a microwave system between Thompson and Lynn Lake. Completed in 1973, the network carries television as well as long distance telephone service to Lynn Lake residents.

1972 - Introduction of new business services including VUcom I, Dataroute and Faxcom.

1973 - MTS's 500,000th telephone installed at Winnipeg's International Airport.

1974 - Gordon Holland succeeds James F. Mills as sixth Chairman and General Manager.

1975 - MTS rate increase; first in 20 years.
- Manitoba Data Services established as division of MTS in September. Becomes separate corporation in April '79.
- 999 emergency number changes to 911 to meet universal needs.

1976 - First Phone Centre opened in January in Winnipeg's Unicity Fashion Square
- The Manitoba/Canada agreement is signed in November allowing MTS, as a common carrier, to own all signal distribution hardware for cable television.

1977 - MTS becomes 100 per cent dial operated with conversion of Rapid City exchange.
- Manitoba's 600,000th telephone installed in Winkler residence.
- First regional office established in Brandon.

1978 - Direct dialing to 27 countries begins.
- MTS employees go to Saudi Arabia to assist in telecommunications project.
- Rural service improvement program continues to receive high priority.
- Delivery of American network television signals to Brandon, Portage la Prairie, Selkirk and Carberry begins September 28 over MTS's inter-city broadband network.
- MTS celebrates 70 years of service to Manitobans.
- Manitoba Chapter 50 Telephone Pioneers celebrates its 40th Anniversary.

1979 - Elie-St. Eustache fibre optics field trial given approval.
- Direct Dialing Overseas (DDO) service extended to six more countries bringing to 33 the total number of countries available by dialing direct.
- In April, second MTS rate increase since 1955 goes into effect. MTS rates remain among the lowest in North America.

Top left: Winnipeg's Main Exchange Building in 1895. Today, 166 Portage Avenue East.

Bottom: The Manitoba Telephone System's Administration Building, completed in 1963, is situated on Empress Street in Winnipeg near the Polo Park Shopping Centre.

1980 - Project Ida begins in south Headingley.
- Computerized directory assistance service—MIDAS—is turned up in Brandon, Thompson and Winnipeg.
- Winnipeg hosts 14th World Congress of Rehabilitation International; MTS assists by providing and demonstrating a wide variety of telephone equipment to meet special needs of disabled persons.
- MTS's 700,000th telephone, *including extensions,* is installed in Portage la Prairie in November.
- Winnipeg reaches 411,000 telephones, moving its customers to a higher rate group.
- John A. Bulman appointed new MTS Chairman; Gordon Holland continues as General Manager and Chief Executive Officer.
- Manitoba's first digital multiplex switching equipment, known as DMS 100, is installed in Brandon's 18th Street building in November.

1981 - Introduction of the MTS Data-Stream network reduces the cost of data transmission services for 30 Manitoba communities.
- Grassroots, the first commercial videotex system in North America, goes into operation.
- Rural Service Improvement Program is completed, benefitting some 58,600 customers in 193 communities.
- MTS introduces a new, emergency reporting network in Winnipeg and Brandon, known as Fast Action Safety Team (FAST).
- Former cabinet minister Saul A. Miller, appointed MTS Chairman on December 18.
- December 31 marks conclusion of Project Ida in South Headingley.
- In October, the Elie-St. Eustache Fibre Optics Rural Field Trial is officially inaugurated.

1982 - MTX Telecom Services, Inc., formed to undertake projects outside the province of Manitoba.
- Residential customers are permitted to connect their own extension telephones to the System's network on June 1.
- Telidon technology is used to improve surveillance of the telephone network with establishment of the New Provincial Services Control Centre (PSCC).
- MTS introduces the Superphone which enables hearing-impaired persons to communicate by telephone using an electronic screen to send messages on line, or by an electronic "voice."

1983 - Envoy Post, the first cooperative electronic mail service conducted by member companies of the TransCanada Telephone System and the Canada Post Corporation, is introduced for a one-year trial.
- MTS celebrates its 75th anniversary as a Provincial Crown Corporation.
- Automatic Number Identification (ANI) extended to 86 percent of Manitoba's telephones.

1984 - Separate White and Yellow Pages directories issued in Winnipeg.
- Fall hearings of the CRTC focus on competition within the long distance communications market.
- Alternative fuels trial for automotive equipment evokes world-wide interest.
- University students work toward degrees using MTS teleconferencing facilities from their own homes.
- MTS opens a Business Centre in its Administration Building featuring a Teleconference Centre and the latest in technological advances.
- MTS plays major communications role for the two important visits by Pope John Paul II and Queen Elizabeth II

1985 - Jean Edmonds appointed MTS Board Chairperson, July 12, following Saul Miller's resignation. She is the first woman to head the Board since it was established in 1962.
- MTS embarks on a 10-year Action Winnipeg program, designed to provide the entire city with an all digital network by 1995.
- The province's largest SL-I PBX installed at the University of Manitoba.
- Spacetel satellite system brings improved service to five remote communities in northern Manitoba.

1986 - Fibre optic link between Winnipeg and Brandon activated in February.
- 500,000th *main* telephone set installed in Dauphin, March 25.
- Consulting group conducts management audit of MTX operations in August.
- MTX operations in Saudi Arabia wind down in November.
- Ed Robertson appointed Acting President and CEO on November 21.
- The Telecommunications Employees Association of Manitoba (TEAM) representing some 1200 management employees, is certified in December.
- Pay equity program is implemented.

1987 - New long distance service, "Between Friends," launched February 2.
- Telecom Canada Fibre Optic cable project begins in June.
- Paul Thomas appointed MTS Chairman on August 18 following the resignation of Jean Edmonds.
- Reg Bird appointed President and CEO on September 28.
- First "Calling Card" pay phones installed on November 6.

1988 - MTS marks 80 years of service on January 15, 1988.
- New MTS Mission and Goals statement introduced January 22.
- New Core Value statement "With you all the way!" introduced in January.
- Automatic Number Identification becomes universal throughout Northern Region.
- Manitoba portion of Telecom Canada's trans-Canada fibre optic transmission project completed.
- Telephone Pioneers - Manitoba Chapter 50 celebrate 50th year.
- MTS launches MTS Cellular on May 6.
- Manitoba Relay Service inaugurated to enable hearing impaired to communicate using the telephone network.
- "Service For The Future" program launched by the Government of Manitoba and MTS, September 29.

1989 - MTS Special Needs Centre officially opened in downtown Winnipeg in June.
- Tom Stefanson, appointed Chairman on August 18, replacing Paul Thomas.
- $233 million Individual Line Service Program inaugurated at ceremonies in Darlingford on November 2.

1990 - Total main telephones in service as the year begins 536,214; total number of employees 5,462; System plant value close to $1.6 billion
- New MTS dress code and logo introduced on January 15 as MTS reached its 82 birthday.
- Employees and Pioneers play key role in arrangements for Western Canada Summer Games.
- Dennis Wardrop, Executive Vice-President, with MTS since 1954, was appointed Acting President September 28 as Reg Bird resigns to accept a position with Northern Telecom in Edmonton.
- In November, the Honourable Glen Findlay announced a new policy that would see MTS, for the first time since its formation, enter a competitive environment for Manitoba's telecommunication services.

Top Photo: Designed for energy efficiency, the modern Eastern Region Headquarters in Selkirk opened in December 1981, to bring employees closer to the customers they serve.

Inset: Dennis Wardrop appointed Acting President in September 1990.

Electronic artwork by b/w data services inc. Litho'd by Bulman Bros. Lithographers 1991